

Agreement made as of the 13th day of April, 2005, by and between ROC-A-FELLA RECORDS, LLC ("RAF"), at Worldwide Plaza, 825 Eighth Avenue, New York, New York 10019 and ROCK THE WORLD, LLC. ("Grantor") c/o West Entertainment Services, Inc., 1775 Broadway, 23rd floor, New York, New York 10019, Attn: Louise West, Esq. and Ronald Sweeney, Esq.

X. PREFACE

WHEREAS, Grantor and RAF have previously entered into a recording agreement (the "Current RAF Recording Agreement") with respect to the exclusive recording services of Kanye West ("Artist"), dated as of August 13, 2002, as amended, and in full force and effect as of the date hereof; and the parties hereto agree that such Current RAF Recording Agreement is hereby deemed superceded in all respects by this agreement between the parties.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PREMISES, COVENANTS AND PROMISES SET FORTH BELOW, IT IS HEREBY AGREED AS FOLLOWS:

1. TERM

1.01. The term of this agreement (the "Term") will begin on the date of the commencement of the Current RAF Recording Agreement and shall continue, unless extended as provided herein, for a first Contract Period (sometimes referred to as the "Initial Period") ending on the earlier of: (a) twelve (12) months after the delivery to RAF of the last Master Recordings that are required to be delivered hereunder in fulfillment of the Minimum Recording Obligation during the Initial Period; or (b) nine (9) months after the initial commercial release in the United States of the Album required to be delivered hereunder in fulfillment of the Minimum Recording Obligation during the Initial Period. Notwithstanding anything to the contrary contained herein, the months of December shall not be included when computing the ending date of the Initial Period.

1.02. (a) Grantor grants RAF six (6) separate options to extend the Term for additional Contract Periods (sometimes referred to as "Option Periods"). RAF may exercise each of those options by sending Grantor a notice at any time before the expiration of the Contract Period then in effect. If RAF exercises such an option, the Option Period concerned will commence upon the end of the current Contract Period (or, if RAF so advises, such period will begin on the date of such exercise notice) and end on the earlier of: (i) twelve (12) months after the delivery to RAF of the last Master Recordings that are required to be delivered hereunder in fulfillment of the Minimum Recording Obligation during such Option Period; or (ii) nine (9) months after the initial commercial release in the United States of the Album required to be delivered hereunder in fulfillment of the Minimum Recording Obligation during such Option Period. Grantor hereby acknowledges that, prior to the date hereof, RAF has previously, timely and properly exercised its option to extend the Term of the Current RAF Recording Agreement for the first Option Period during which Grantor is obligated to deliver and RAF is entitled to receive delivery of the second Album of the Minimum Recording Obligation (the "Second Album") (i.e., five (5) Option Periods remain as of the date hereof). Notwithstanding anything to

the contrary contained herein, the months of December shall not be included when computing the ending date of any Option Period.

(b) Notwithstanding anything to the contrary contained in this paragraph 1.02, if RAF has not exercised its option to extend the Term for a further Contract Period as of the date on which the then-current Contract Period (the "Current Contract Period") would otherwise expire, then the following procedure shall apply: (i) Grantor shall send RAF a written notice (an "Option Warning") stating that RAF has not yet exercised such option; (ii) RAF shall have the right to exercise such option at any time until the date (the "Extended Option Date") which is thirty (30) days after its receipt of the Option Warning; and (iii) the Current Contract Period shall continue until the earlier of (A) the Extended Option Date, or (B) the date of RAF's written notice (the "Termination Notice") to Grantor that RAF does not wish to exercise such option. Nothing contained herein shall limit RAF's right to send a Termination Notice to Grantor at any time, nor limit RAF's right to exercise an option at any time if Grantor fails to send RAF an Option Warning in accordance with this paragraph 1.02(b).

2. RECORDING OBLIGATION

2.01. RAF hereby engages Grantor to furnish the exclusive services of Artist to deliver to RAF Master Recordings as provided for herein, and to furnish the services of individual producers to produce such Master Recordings. Grantor warrants that during the Term Artist shall perform for the purpose of making Phonograph Records exclusively for Grantor and RAF.

2.02. During each Contract Period, Artist will perform for and Grantor will record and deliver a minimum number of Master Recordings ("Minimum Recording Obligation") specified in the following schedule:

<u>Contract Period</u>	<u>Minimum Recording Obligation</u>
Initial	"The College Dropout" Album
First Option	One (1) Album
Second Option	One (1) Album
Third Option	One (1) Album
Fourth Option	One (1) Album
Fifth Option	One (1) Album
Sixth Option	One (1) Album

Grantor has previously delivered to RAF the Album (the "First Album") in satisfaction of the Minimum Recording Obligation for the Initial Contract Period entitled "The College Dropout" Album.

3. PROCEDURES

3.01. Grantor shall be responsible for coordination of recording sessions and Grantor, Artist and the individual producers shall render their services subject to the terms and conditions hereof to the best of their ability and in accordance with first-class standards of performance for the production of Master Recordings in the Phonograph Record industry.

3.02. Prior to making each Recording, Grantor shall designate and submit to RAF for RAF's approval each of the following "Recording Elements", before proceeding further: (a) selection of the individual producer(s) of the Master Recordings hereunder, (b) selection of Compositions to be recorded, (c) specification of accompaniment, arrangement and copying services, and (d) selection of dates of recording and studios where recording is to take place. At least fourteen (14) days prior to the date of the first recording session for the recording of any Master Recordings, Grantor will submit to RAF for its written approval, a written proposed budget (the "Proposed Budget") setting forth, in itemized detail, all anticipated Recording Costs. Without limitation of the foregoing obligation to submit a budget and/or of RAF's right of approval with respect to each element thereof, an aggregate budget amount of no greater than eighty percent (80%) of an amount equal to the applicable Recording Fund shall not be disapproved by reason of its overall amount with respect to each Album of the Minimum Recording Obligation hereunder. In consultation with Grantor and subject to Artist's prior professional commitments, the booking of all studio time will be done by RAF. Grantor shall notify the appropriate local chapter of the American Federation of Musicians ("AFM") in advance of each recording session. Grantor shall allow RAF's representatives to attend all recording sessions hereunder at RAF's non-recoupable expense, unless such representatives are producers engaged by RAF pursuant to the provisions of paragraph 10.06(b) below (in which event the provisions of said paragraph shall apply), engineers, remixers or otherwise engaged in the recording process.

3.03. With respect to Master Recordings hereunder, Grantor shall simultaneously deliver to RAF stereo mixed down tape masters of the original multi-track recordings which are of a quality reflecting then-current "state of the art" analog and/or digital recording techniques and a final two-track equalized tape copy of such recordings, together with the following: (a) two (2) safety copies of the multi-track recordings and so-called "clean" versions of each Master, and (b) the following additional mixes of each Master Recording to be embodied on the "A-Side" of the first Single to be released in connection with a particular Album hereunder, if any such Single is to be so released: (i) Album mix (instrumental), (ii) 7-inch Single mix for TV, cold ending, (iii) 7-inch Single mix for TV (instrumental and background vocals only), cold ending, and (iv) a cappella versions (i.e., vocals only). It is expressly agreed that RAF will not reduce the Recording Fund for a particular Album by the Recording Costs incurred with respect to the delivery materials required solely under this paragraph 3.03(b) with respect to the first Single to be released with respect to such Album, if any. Such stereo mixed down tape masters shall be satisfactory for the production of reference discs for Phonograph Record manufacturing, equalized tape transfers for cassette manufacturing, digital transfers for compact disc and digital cassette manufacturing, and such elements of future technology as may hereinafter be utilized in the Phonograph Record industry. Upon RAF's reasonable request, Grantor shall re-record any Composition until a technically satisfactory Master Recording shall have been obtained; however, notwithstanding anything to the contrary expressed or implied in the preceding sentence, each Master Recording delivered hereunder shall embody performances by the Artist that (a) are "first class" (as that term is understood in the record industry), (b) are at least of the quality of the Artist's prior recorded performances and (c) embody performances of approximately the same number of Controlled Compositions as are performed on prior Phonograph Records hereunder. All tapes and work parts of whatever nature (including, without limitation, multi-tracks, out-takes or other tracks recorded during the Term) shall be delivered to RAF concurrently with delivery of the foregoing items under this paragraph 3.03 or maintained at a recording studio or other location designated by RAF in RAF's name and subject to RAF's control.

3.04. Grantor shall furnish RAF in writing with all information, consents and clearances required for the recording, manufacture and distribution of Phonograph Records hereunder including, without limitation, all licenses in respect of "Embodied Copyrighted Materials" (as defined in paragraph 10.05 below), the label copy (including song titles and any subtitles), names of composers and lyricists, complete publisher line, music performing rights organizations (e.g., BMI, ASCAP, etc.), timings, any credits to arrangers or accompanists, names of engineers, list of musicians with instruments played, list of all vocalists (and whether the vocalist is a featured or background vocalist), exact recording date(s), studio location(s), album liner credits, and any information required to be submitted to unions, guilds or other third parties. Notwithstanding the foregoing, Embodied Copyrighted Materials shall not include material embodied solely by RAF, The Island Def Jam Music Group or third parties engaged by RAF subsequent to Grantor's satisfactory delivery to RAF of such Master Recording(s) pursuant to the terms herein.

3.05. Subject to the terms of paragraph 10.12 below, as between Grantor and Artist, on the one hand, and RAF, on the other hand, RAF shall be responsible for preparing the actual paperwork in connection with all mechanical licenses and sample clearances required to be obtained from the copyright proprietors of Compositions embodied on Recordings to be delivered to RAF hereunder; provided that RAF's failure to prepare any such paperwork in any instance shall not be deemed a breach of this agreement. Notwithstanding anything to the contrary contained in the preceding sentence or elsewhere in this agreement, Grantor and Artist shall be solely responsible for securing and delivering to RAF fully-executed copies of any and all licenses in respect of Embodied Copyrighted Materials in connection with the Recordings to be delivered to RAF hereunder.

3.06. Artist's performances hereunder shall be reasonably consistent in concept and style, and each Master Recording delivered hereunder will be similar in general artistic concept and style to Master Recordings previously delivered hereunder. Grantor further agrees that none of the following shall apply in fulfillment of the Minimum Recording Obligation without RAF's prior written consent: so-called "live" Recordings; Multiple-Record Albums; Joint Recordings; instrumental Recordings; or Recordings which were not made in compliance with the provisions of this agreement. Without limiting the generality of the foregoing, any Multiple-Record Album delivered hereunder shall be deemed a single Album for the purposes of product delivery and payment of Advances. RAF agrees that it shall not require Grantor to deliver any Multiple-Record Album or Joint Recording as part of the Minimum Recording Obligation hereunder.

3.07. If Grantor or Artist shall for any reason whatsoever, unless caused solely by the acts or omissions of RAF or The Island Def Jam Music Group, delay the commencement of or be unavailable for any recording sessions for the Masters, Grantor shall, upon RAF's demand, pay RAF an amount equal to the expenses or charges paid or incurred by RAF by reason thereof. RAF may, without limiting RAF's other rights and remedies, deduct that amount from any and all monies otherwise payable to Grantor or Artist hereunder (excluding mechanical royalties payable hereunder).

3.08. RAF may, at its election, discontinue any recording sessions for any Master Recordings hereunder if in RAF's reasonable, good faith judgment the Recording Costs incurred or to be incurred will exceed one hundred and ten percent (110%) of the approved recording budget (excluding any in-pocket Advances) or if the Master Recordings being produced will not conform to the requirements set forth herein.

4. DELIVERY PROCEDURE

4.01. (a) (i) Each Album of the Minimum Recording Obligation shall be delivered to RAF no later than one hundred eighty (180) days following commencement of the applicable Contract Period hereunder.

(ii) Notwithstanding anything to the contrary contained herein, including without limitation, paragraphs 4.01(a)(i) and 12.01, delivery of all Master Recordings and other materials required to be physically delivered to RAF (accompanied by all related artwork, credits, sample, co-producer and side artist information, if applicable) in respect of the Second Album shall be delivered no later than May 24, 2005 (the "Target Date"). For the avoidance of doubt, the parties agree that satisfactory and timely delivery of the Second Album by the Target Date is a material inducement to RAF's entering into this New RAF Recording Agreement and is of the essence.

(iii) Reference is made to the amendment to the current RAF Recording Agreement dated as of May 19, 2004 between RAF and Grantor (the "Compilation Amendment"). For the avoidance of doubt, Grantor hereby ratifies and affirms the terms of the Compilation Amendment and agrees to deliver the Compilation Album (as defined therein) to RAF by September 30, 2005.

(b) Grantor will deliver to RAF, simultaneously with the delivery of the Master Recordings for each Album of the Minimum Recording Obligation, "camera-ready" artwork embodying Grantor's Symbol for use by RAF in accordance with the provisions of paragraph 5.01(b)(xvi) below.

(c) Notwithstanding anything to the contrary expressed or implied in paragraph 4.01(a) above, if Artist is performing on a tour consisting of at least fifteen (15) committed tour dates within one hundred and twenty (120) days following the commercial release of any Album of the Minimum Recording Obligation, and the performance of such tour would prevent or delay Grantor from delivering the applicable Album of the Minimum Recording Obligation to RAF within the applicable time period set forth herein, Grantor shall not be deemed in breach of this agreement solely as a result of the performance of such tour. Notwithstanding the foregoing and for the avoidance of doubt, no Album of the Minimum Recording Obligation shall be delivered to RAF later than two (2) years following delivery of all Master Recordings required to be delivered pursuant to Articles 3 and 4 hereof with respect to the previous Album of the Minimum Recording Obligation.

4.02. Satisfactory completion by Grantor of the procedures in Article 3 and this Article 4 shall be among the necessary conditions to determine whether any Recording has been delivered within the meaning of this agreement. RAF's election to make a payment which was to have been made upon delivery of Recordings or release such Recording shall not be deemed to be its acknowledgment that such delivery was properly made, and RAF shall not be deemed to have waived either its right to require such complete and proper performance thereafter or its remedies for Grantor's failure to perform in accordance herewith.

4.03. No Master Recordings delivered hereunder shall have been recorded earlier than six (6) months prior to delivery of such Master Recordings to RAF, nor shall any Master

Recording embody any Composition which has been previously recorded by Artist (whether as a group or an individual) (excluding any so-called "demonstration" recordings which have not been commercially exploited or manufactured in any quantity beyond a reasonable number of duplicates for demonstration purposes only). Grantor shall not commence recording any Album prior to ninety (90) days after delivery to RAF of Master Recordings constituting the immediately preceding Album.

4.04. (a) RAF shall send Grantor written notice of the date which RAF deems to be the applicable delivery date of Master Recordings hereunder. If Grantor disputes the date of such notice, Grantor shall give notice in writing to RAF within thirty (30) days of RAF's notice to Grantor. Grantor's failure to so notify RAF shall be deemed Grantor's acceptance of the date contained in RAF's notice.

(b) If Grantor has not received any notice from RAF pursuant to paragraph 4.04(a) above within thirty (30) days after the date Grantor deems to be such applicable delivery date, then Grantor shall notify RAF within ten (10) days after such thirty (30) day period of the date Grantor deems the applicable delivery date. RAF shall have the right to object to such date within thirty (30) days after receipt of Grantor's notice.

(c) If either party objects to the date contained in the notice given by the other party, RAF and Grantor shall mutually and in good faith agree in writing on the date to be deemed the delivery date. If the parties do not reach such agreement or if neither party gives notice of the delivery date of Master Recordings as provided above earlier than thirty (30) days prior to the date of initial release in the United States of such Master Recordings, then the delivery date of such Album shall be deemed to be thirty (30) days prior to such date of initial release for the purposes of determining the last day on which RAF may exercise its option for the next Contract Period.

5. RIGHTS

5.01. (a) All Master Recordings recorded during the Term which embody the performances of Artist, from the inception of the recording thereof, all artwork created for use on or in connection with Phonograph Records or other derivatives of such Master Recordings including, without limitation, for use in advertising and Artist Websites ("Artwork") and including, without limitation, Mobile Materials shall be deemed "works made for hire" for RAF. All such Master Recordings, from the inception of the recording thereof, and all Phonograph Records and other reproductions made therefrom, together with the performances embodied therein, and all Artwork, and all copyrights therein and thereto, and all renewals and extensions thereof, shall be entirely RAF's property, free of any claims whatsoever by Grantor, Artist, or any other Person, throughout the world and in perpetuity. Accordingly, RAF shall have the exclusive right to obtain registration of copyright (and all renewals and extensions) in those Master Recordings and in all Artwork and Mobile Materials, in RAF's name, as the owner and author thereof. If for any reason any such Master Recording(s) or Artwork are deemed not to be "works made for hire", then Grantor and Artist hereby irrevocably assign to RAF all of Grantor's and Artist's right, title and interest in and to such Master Recordings, Artwork and Mobile Materials (including, without limitation, all copyright therein, and all renewals and extensions thereof) in perpetuity throughout the world. Without limiting the generality of the foregoing, RAF and its subsidiaries, affiliates, licensees and designees shall have the sole and exclusive right, throughout the world and in perpetuity, to manufacture and/or distribute Records, by any

method(s) now or hereafter known embodying all or any portion(s) of the performances embodied on such Master Recordings and/or all or any portion(s) of any such Artwork and Mobile Materials; to publicly perform such Records; to import, export, sell, transfer, lease, license, transmit, rent, deal in or otherwise dispose of or exploit such Master Recordings, Artwork, Mobile Materials and Records derived therefrom throughout the world under any trademarks, trade names or labels designated by RAF; to edit or adapt such Master Recordings, Mobile Materials and/or Artwork to conform to the technological or commercial requirements of Phonograph Records in various formats now or hereafter known or developed, or to eliminate material which might subject RAF to any civil or criminal action; to exploit such Master Recordings for background music, synchronization in motion pictures and television soundtracks and other similar purposes, including, without limitation, use on transportation facilities, without any additional payments to Artist or Grantor other than as expressly set forth in paragraph 7.06 hereof; or, notwithstanding the provisions of this agreement, RAF and its subsidiaries, affiliates and licensees may, at their election, delay or refrain from doing any one or more of the foregoing. Without limiting the generality of the foregoing, it is acknowledged and agreed that the provisions of this paragraph 5.01(a) shall not be construed to grant RAF any ownership rights in or to the underlying Compositions embodied on the Master Recordings hereunder. Grantor will cause Artist to grant to RAF the ~~first right of refusal and~~ matching right to acquire the exclusive worldwide exploitation rights to the "Mobile Materials" defined in paragraph 13.13 of this agreement, in each instance, at the end of the term of each of Artist's current exclusive arrangements with third parties with respect to such rights.

(b) Notwithstanding anything to the contrary contained in this agreement, with respect to sales of Records in the United States during the Term (unless otherwise expressly set forth herein):

(i) During and after the Term, RAF shall not, without Grantor's prior written consent, release any so-called "outtakes" (i.e., preliminary or unfinished Master Recordings) recorded hereunder.

(ii) Except with respect to promotional Records, Audio-Visual Recordings or Records used in connection with public transportation carriers or facilities and consumer-created or -selected combinations of recordings, RAF shall not, during any one (1) calendar year of the Term, couple more than two (2) Master Recordings delivered hereunder with Master Recordings not embodying Artist's performances without Grantor's written consent, which shall not be unreasonably withheld.

(iii) During and after the Term, RAF shall not, without Grantor's prior written consent, use Master Recordings delivered hereunder on premium Records produced for use in promoting the sale of merchandise or commercial services other than Phonograph Records.

(iv) RAF shall not, without Grantor's prior written consent, which shall not be unreasonably withheld, release as a Budget Record any Album delivered hereunder as part of the Minimum Recording Obligation until the earlier of (the "Holdback Date"): (A) eighteen (18) months after the initial release of such Album; or (B) six (6) months after the release of any Album as a Mid-Price Record, provided, however, that if any such Budget Record is so released by RAF prior to the Holdback Date without Grantor's consent, RAF shall, as Grantor's sole remedy in such event, accrue to Grantor's account hereunder the so-

called "top-line" basic royalty rate set forth in paragraph 7.02 below (provided, that if such Album has been previously released as a Mid-Price Record in accordance with the provisions hereof, the royalty rate with respect to Mid-Price Records shall instead apply), then RAF shall not be deemed to have breached the terms of this subparagraph.

(v) RAF shall not, without Grantor's prior written consent, which shall not be unreasonably withheld, release as a Mid-Price Record any Album delivered hereunder as part of the Minimum Recording Obligation until twelve (12) months after the initial release of such Album provided, however, that if any such Mid-Price Record is so released by RAF during such twelve (12) month period and RAF accrues to Grantor's account hereunder the so-called "top-line" basic royalty rate set forth in paragraph 7.02 below, then RAF shall not be deemed to have breached the terms of this subparagraph.

(vi) RAF shall not sell Records derived from Master Recordings hereunder as "cut-outs" during a period of twenty-four (24) months from the date of initial United States release of such Records.

(vii) RAF shall not, without Grantor's prior written consent, license any Master Recordings delivered hereunder (A) for synchronization in any motion picture or television production and/or (B) in connection with any advertisements for products, services, religious or political causes (other than Phonograph Records or Artist's career).

(viii) RAF shall meaningfully consult with Grantor with respect to the "A" and "B" side of each Single, if any, derived from any Album of the Minimum Recording Obligation released by RAF, provided however, that RAF's decision with respect thereto shall control and provided further that any inadvertent failure by RAF to so consult with Grantor shall not be deemed a breach hereof.

(ix) RAF shall meaningfully consult with Grantor with respect to the initial marketing plan and initial United States commercial release date with respect to each Album of the Minimum Recording Obligation, provided however, that RAF's decision with respect thereto shall control and provided further that any inadvertent failure by RAF to so consult with Grantor shall not be deemed a breach hereof.

(x) The initial release of each Album of the Minimum Recording Obligation hereunder shall be on a label designated by RAF generally as a label for the majority of top artists of comparable style.

(xi) (A) During the Term, RAF shall not, without Grantor's prior written consent, which shall not be unreasonably withheld, release a "Greatest Hits" compilation Album (each, a "GH Album") consisting entirely of Artist's Master Recordings recorded hereunder, provided that Grantor's royalty account is in a recouped position. Notwithstanding the foregoing, and for the avoidance of doubt, RAF shall not release more than one (1) GH Album during the Term, without Grantor's prior written consent. In the event that RAF requests that Grantor cause Artist to record and deliver to RAF new Master Recordings, in excess of the Minimum Recording Obligation hereunder, for inclusion in a GH Album, the parties hereto agree to negotiate in good faith with respect to the budget for such new Master Recordings.

(B) If, during the Term (and subject to the provisions of

paragraph 5.01(b)(xi)(A) above), RAF elects to release one (1) or more GH Album(s), then RAF shall submit to Grantor a written proposal of the Master Recordings recorded hereunder to be included on such GH Album, and Grantor shall have the right to object to any or all of the Master Recordings proposed by RAF and to recommend alternative Master Recordings to be included within seven (7) business days after Grantor's receipt of RAF's proposal. In no event shall Grantor have the right to object to any Master Recording embodied in a Single which achieved a position in the "Top 100" chart of any national trade publication at any time prior to the initial release of such GH Album. If Grantor does so object to the inclusion in any such GH Album of any Master Recordings proposed by RAF, each of RAF and Grantor shall select one-half (1/2) of the Master Recordings so disputed, provided that if the number of disputed Master Recordings is an odd number, RAF shall have the right to select one more Master Recording than Grantor. If Grantor does not object to any of the Master Recordings proposed by RAF, or does not respond within said seven (7) business day period, the Master Recordings proposed by RAF shall be included on such GH Album.

(xii) RAF shall not, without Grantor's prior written consent, release or otherwise exploit any so-called live Recordings, joint recordings or demonstration recordings. For purposes of clarification, "joint recordings" shall not include Artist's Master Recording embodying a side artist performance by another recording artist.

(xiii) RAF shall not release any Album hereunder through a record club until six (6) months after the initial release of the applicable Album in the United States.

(xiv) With respect to sales of Records outside the United States, RAF will request its licensees outside the United States to comply with the provisions of this paragraph 5.01(b)(i), (ii), (iii) and (vii); if Grantor notifies RAF of sales of Records outside the United States in violation of the provisions of this paragraph 5.01(b)(i), (ii), (iii) and (vii), RAF will instruct its licensees to discontinue such violative sales, but neither RAF nor its licensees shall have any liability by reason of such sales occurring prior to RAF's receipt of such notice, and RAF shall have no liability by reason of such sales at any time.

(xv) In connection with the initial release of each Album of the Minimum Recording Obligation, Grantor shall have the right to consult with RAF regarding the preparation of the Artwork and the right to approve such Artwork, provided that such approval shall not be unreasonably withheld, it being acknowledged and agreed that Grantor's withholding of such approval based on its request for any changes to such Artwork which would require deviations from RAF's standard cost guidelines shall be deemed to be unreasonable, and provided further that the giving of such approval shall not conflict with the scheduled release date of the applicable Album. Grantor shall be responsible for arranging appointments with RAF, at a mutually convenient time, sufficiently far in advance of the scheduled release date of the applicable Album to allow Grantor to timely exercise the above right of consultation and approval. Grantor's approval shall be deemed given within seven (7) business days following Grantor's receipt of RAF's request therefor unless Grantor notifies RAF of Grantor's specific objections within such seven (7) business day period. After Grantor's exercise of such right of consultation and approval (or failure to exercise such right), RAF shall have the right to prepare and use such Artwork without any further right of consultation or approval by Grantor. All rights in and to any Artwork or related material furnished by Grantor or at Grantor's request, including the copyright and renewals and extensions thereof, shall be RAF's property throughout the world in perpetuity. All matters relating to trademarks, notices, including, without limitation,

UPC symbols (i.e., bar-coding), or disclosures deemed advisable by RAF's attorneys, and any matter other than the Album cover layout and the picture or art to be used on the cover, will be determined in RAF's sole discretion.

(xvi) (A) With respect to the initial release of Records derived from the Master Recordings delivered hereunder, RAF will print Grantor's logo or other trade symbol designated by Grantor (individually and collectively, the "Symbol") on the packaging of such Records and all one-quarter (1/4) page or larger trade advertisements where the RAF logo also appears relating solely to Artist. The size of the Symbol on such packaging and advertisements shall be no less than the same size as the nearest RAF logo. The placement of the Symbol on such packaging and advertisements shall be determined by RAF, in its sole discretion. If RAF fails to comply with the preceding sentences in any instance, its sole obligation to Grantor shall be to rectify the failure in materials prepared after RAF's receipt of notice of such failure from Grantor. If the artwork embodying such logo or Symbol is not properly and timely delivered to RAF in accordance with the provisions of Article 4 above, RAF shall have no obligation at all to utilize such logo or Symbol.

(B) Each Symbol, whenever used by RAF or its licensees, will be deemed included as an item of "Materials," as defined in paragraph 10.05 below, and shall be subject to all of Grantor's warranties, representations and indemnities set forth in Article 10. The registration and maintenance of the Symbol shall be Grantor's sole responsibility, and at Grantor's sole expense. Grantor shall cooperate with RAF if RAF deems it advisable for RAF and/or its licensees to become a "registered user" of the Symbol, and Grantor shall execute any documents necessary to evidence the foregoing. RAF may refrain from using the Symbol at any time if, in RAF's sole, good faith, reasonable judgment, such use might violate any law or the rights of any Person; provided that if Grantor remedies such potential violation to RAF's satisfaction, RAF shall resume use of the Symbol as set forth herein, on a prospective basis.

(xvii) Following the delivery of any Album of the Minimum Recording Obligation pursuant to the terms herein, RAF shall not, without Grantor's prior written consent, resequence or change the title of any such Album.

(xviii) RAF shall not, in connection with the initial release of Records embodying Master Recordings hereunder, edit or remix the Master Recordings hereunder except as necessary for so-called "specialty" remixes (i.e., dance mixes, etc.), the release of Singles, or non-disc configurations, or to eliminate material which might, in the opinion of RAF's counsel, constitute a defamation, libel or violate or infringe upon any right, including, without limitation, the right of privacy, of any Person; provided, however, that RAF shall offer to Grantor the first opportunity to so edit the Master Recordings (unless same would interfere with a scheduled release date), which editing shall be completed within five (5) days following RAF's notice to Grantor, and which offer shall be deemed rejected if Grantor does not respond and/or complete such editing within said five (5) day period. If Grantor does not so edit such Master Recordings within said five (5) day period, RAF shall have the right to so edit such Master Recordings without further consultation with Grantor.

(xix) The provisions of paragraph 5.01(b) above shall not apply if Grantor has not fulfilled Grantor's then-current delivery obligations described in Articles 3 and 4 above with respect to any Master Recordings hereunder within ninety (90) days following the time periods set forth in such Articles.

(c) Provided that Grantor has fulfilled all of Grantor's material obligations hereunder and the Master Recordings for each Album of the Minimum Recording Obligation hereunder are delivered within sixty (60) days following the time periods set forth in Article 4 above, if RAF does not commercially release each Album of the Minimum Recording Obligation in the United States on or before one hundred twenty (120) days following the date of delivery to RAF of such Album, then Grantor may, within forty-five (45) days following the expiration of such one hundred twenty (120) day period, give RAF notice of such failure to release such Album. RAF shall either cure such failure within sixty (60) days after RAF's receipt of such notice, or Grantor shall have the right by written notice to RAF within forty-five (45) days following the expiration of such sixty (60) day period to terminate the Term of this agreement. In the event of such termination, the parties shall be deemed to have fulfilled all of their obligations hereunder except for those obligations which survive the end of the Term, such as warranties, re-recording restrictions, and the obligation to pay royalties, if payable, and such termination shall be Grantor's sole remedy for RAF's failure to release Records derived from the said Master Recordings. If Grantor fails to give RAF either of the notices specified in this paragraph, Grantor's right to terminate hereunder shall lapse with respect to such Album. The running of each of the aforementioned one hundred twenty (120), forty-five (45) and sixty (60) day periods will be suspended for the period of any suspension of the Term of this agreement. For purposes of computing said periods, the month of December shall not be counted. For purposes of this paragraph 5.01(c), an Album shall be deemed released when RAF or its licensee has made it available for sale in the United States.

(d) Provided that Grantor has fulfilled all of Grantor's material obligations hereunder and the Master Recordings for each Album of the Minimum Recording Obligation are delivered within sixty (60) days following the time periods set forth in Article 4 above, if RAF does not commercially release each Album of the Minimum Recording Obligation within one hundred twenty (120) days following the date of entry of such Album in the "TOP 60" ("TOP 30" in respect of Japan and The United Kingdom) of the Billboard "Top 200" chart, or, solely in the event that Billboard ceases to exist or is superseded as the leading United States national music industry trade journal with respect to such chart positions, such superseding journal's equivalent to the Billboard "Top 200" chart, in the territories of Japan, The United Kingdom, Canada, Germany and France (the "Release Territories"), then Grantor may give RAF notice, within forty-five (45) days following the expiration of such one hundred twenty (120) day period, of such failure so to release such Records in a particular Release Territory, and RAF shall have a period of sixty (60) days following the date of such notice to cure such failure. If RAF does not cure such failure within said sixty (60) day period, Grantor will have the option, which may be exercised by giving RAF written notice within forty-five (45) days following the end of such sixty (60) day period, to require RAF to enter into an agreement with a licensee designated by Grantor, which licensee is actually engaged in the business of manufacturing and distributing Records in the Release Territories, authorizing such licensee to manufacture and distribute Records derived from the Master Recordings not released in accordance with this paragraph 5.01(d) in the applicable Release Territory in which such Records were not released. Grantor's sole remedy for RAF's failure to release an Album in the applicable Release Territory(ies) pursuant to this paragraph 5.01(d) shall be the exercise of Grantor's option hereunder. If Grantor fails to give RAF either of the notices specified in this paragraph 5.01(d), Grantor's rights under this paragraph 5.01(d) will lapse with respect to such Album. Fifty percent (50%) of all revenues actually received by RAF under such licenses will be credited to Grantor's royalty account under this agreement. Each such license agreement will provide for such compensation for the license

as Grantor negotiates with the licensee, and will contain such other provisions as RAF shall reasonably require, including but not limited to the following:

(i) The licensee will be required to deliver to RAF all consents required by RAF, including the consent of the Artist, and all agreements which RAF may require for any third party to look to the licensee, and not to RAF, for the fulfillment of any obligations arising in connection with the manufacture or distribution of Records under the license. The licensee will also become a first party to the Phonograph Record Manufacturers' Special Payments Fund Agreement with the American Federation of Musicians, or any successor agreement then in effect. The license agreement will not become effective until the licensee has complied with all the provisions of this subsection 5.01(d)(i).

(ii) The licensee will make all payments required in connection with the manufacture, sale or distribution, by parties other than RAF, in the applicable Release Territory of Records made from those Master Recordings after the effective date of the license, including, without limitation, all royalties and other payments to performing artists, producers, owners of copyrights in musical compositions, the Music Performance Trust Fund and Special Payments Fund, and any other unions and union funds, and will authorize the applicable Fund Administrator's designated agent to audit Grantor's books and records with respect to the sale and/or distribution of such Records. The licensee will comply with all applicable rules and regulations covering any use of the Master Recordings by the licensee.

(iii) No warranty or representation will be made by RAF in connection with the applicable Master Recordings, the license, or otherwise. Grantor and the licensee will indemnify and hold harmless RAF and its licensees against all claims, damages, liabilities, costs, and expenses, including reasonable counsel fees, arising out of any use of the Master Recordings or exercise of such rights by the licensee (subject to the terms of paragraph 10.10 below).

(iv) RAF will instruct its licensees in the applicable Release Territory not to manufacture Records derived from the Master Recordings licensed to the licensee. If the licensee notifies RAF of such manufacture RAF will instruct its licensees to discontinue it, but neither RAF nor its licensees shall have any liability by reason of such manufacture occurring before RAF's receipt of such notice, and RAF shall have no liability by reason of such manufacture at any time.

(v) Each Record made under the license will bear a sound recording copyright notice identical to the notice used by RAF for initial United States release of the Master Recordings concerned, or such other notice as RAF shall require, but those Records will not otherwise be identified directly or indirectly with RAF.

(vi) RAF shall have the right to examine the books and records of the licensee and all others authorized by the license to manufacture or distribute Records under the license, for the purpose of verifying the accuracy of the accountings rendered to RAF by the licensee.

(vii) The licensee will not have the right to authorize any other party to exercise any rights without RAF's prior written consent.



(viii) RAF and its licensees will have the continuing right at all times to manufacture and sell recompilation Albums which may contain the Master Recordings. A recompilation Album is an Album, such as a "Greatest Hits" or "Best Of" Album, containing Master Recordings previously released in different Album combinations.

The running of each of the one hundred twenty (120) and sixty (60) day periods described in paragraph 5.01(d) above will be suspended for the period of any suspension of the Term of this agreement. For purposes of computing said periods, the month of December shall not be counted. For purposes of this paragraph 5.01(d), an Album shall be deemed released when RAF or its licensee has made it available for sale in the Release Territory concerned.

(e) If Grantor exercises Grantor's option described in paragraph 5.01(d) above in a timely manner with respect to any two (2) consecutive Albums of the Minimum Recording Obligation which are subject to the provisions of paragraph 5.01(d) above, then Grantor shall have the right, by written notice to RAF within sixty (60) days following Grantor's exercise of Grantor's said option described in paragraph 5.01(d) with respect to the second such Album to terminate the Term of this agreement with respect to the particular Release Territory where such Albums were not released, and RAF will deliver to Grantor an agreement licensing to Grantor the right to exploit in the applicable Release Territory where such Albums were not released, the Master Recordings embodied in such unreleased Albums and all Master Recordings embodied in Albums of the Minimum Recording Obligation hereunder subsequent to such second unreleased Album, subject to such terms and conditions as RAF may reasonably require, and provided that all the provisions of paragraph 5.01(d) as same apply to Grantor, the licensee under the applicable license agreement under paragraph 5.01(d) shall apply with respect to Grantor in such Release Territory. Fifty percent (50%) of the gross proceeds in any form whatsoever derived by Grantor from the exploitation of the said Master Recordings in the Release Territory wherein RAF's rights hereunder are terminated pursuant to this paragraph 5.01(e) will be paid to RAF promptly following Grantor's receipt of the proceeds concerned (i.e., fifty percent (50%) shall be paid directly to Grantor and no monies will be credited to Grantor's royalty account). RAF will have the right to examine Grantor's books and records therefore solely for the purpose of verifying the accuracy of the accountings rendered by Grantor to RAF under this paragraph. All agreements entered into by Grantor with others regarding the exploitation of such rights will require them to pay such sums directly to RAF and furnish RAF on a timely basis with duplicate copies of all accountings rendered by them to Grantor, and will provide for the examination of their books and records by RAF. RAF will remit to Grantor any overpayments made to it by reason of the preceding sentence. This termination with respect to the applicable Release Territory shall be Grantor's sole remedy for RAF's failure to release said Albums in such Release Territory. If Grantor fails to give either of the required notices, Grantor's right to so terminate shall lapse. The running of the time periods described in this paragraph 5.01(e) will be suspended for the period of any suspension of the Term hereof.

5.02. (a) Without limiting the generality of paragraph 5.01, RAF shall have the exclusive right to publicly perform and otherwise to utilize Artist's performances in connection with Audio-Visual Recordings for promotional and commercial purposes, including without limitation, release on Audio-Visual Devices. Grantor shall cause Artist to perform for said Recordings upon RAF's request provided that Artist shall not be required to perform in any Contract Period for the recording of Audio-Visual Recordings greater in playing time than the playing time of the sound Recordings constituting the Minimum Recording Obligation in such

Contract Period, nor shall Artist be required to perform for any so-called "long-form" Audio-Visual Recording without Artist's consent. The term "long-form" Audio-Visual Recording shall mean a full length audio-visual program, as such term is generally understood in the recording industry, and specifically excludes any compilation of so-called "short-form" or promotional Audio-Visual Recordings. If Grantor or Artist shall for any reason whatsoever delay the production of any Audio-Visual Recording, or if Artist is not available for any scheduled appearance relating to the production of Audio-Visual Recordings, Grantor shall pay to RAF, upon RAF's demand, an amount equal to the expenses or charges paid or incurred by RAF by reason thereof. RAF may, without limiting RAF's other rights and remedies, deduct that amount from any and all monies otherwise payable to Grantor or Artist hereunder.

(b) RAF and Grantor shall mutually approve the director, budget, scheduling and concept of each "short-form" Audio-Visual Recording produced hereunder.

(c) Grantor's and Artist's compensation in connection with Artist's performances for Audio-Visual Recordings, including, without limitation, those performances referred to in paragraph 10.07 hereof, shall be limited to the royalties payable to Grantor pursuant to Articles 7 and 9 below and to any minimum amounts required to be paid for such performances pursuant to any collective bargaining agreements pertaining thereto, provided, however, that with respect to amounts required to be paid pursuant to any collective bargaining agreement, Grantor and Artist hereby waive any right to receive such compensation to the extent that such right may be waived in connection with any applicable collective bargaining agreement.

5.03. Grantor shall execute and deliver promptly to RAF any instruments of transfer and other documents RAF may reasonably request to carry out the purposes and effects contemplated by this agreement. If Grantor fails or refuses to deliver any such executed document within ten (10) business days following RAF's request therefor, each of Grantor hereby irrevocably appoints RAF as Grantor's and Artist's agent and attorney-in-fact to sign any such documents in Grantor's name and to make appropriate disposition of them consistent with this agreement and irrevocably authorizes RAF to proceed, whether in RAF's name or Grantor's name, with any appropriate action necessary to enforce RAF's rights hereunder (including, without limitation, all rights of exclusivity). Grantor acknowledges that RAF's agency and power are coupled with an interest. RAF shall, from time to time upon Grantor's request in each instance, endeavor to provide Grantor with copies of documents signed by RAF pursuant to this paragraph 5.03, provided that a failure to provide any such document shall not be deemed a breach hereof.

5.04. (a) Subject to the terms of paragraph 5.04(b) below, Grantor hereby grants to RAF the perpetual right, without any liability to any Person, to use and to authorize other Persons to use Grantor's name and approved biographical material and the names (including any professional names or sobriquets), and any approved likenesses, whether or not current, (including pictures, portraits, caricatures and stills from any Audio-Visual Recordings made hereunder), approved autographs (including facsimile signatures) and approved biographical material of or relating to Artist and any producer of Master Recordings hereunder solely for purposes of advertising, promotion and trade (including, without limitation, the distribution of promotional merchandise subject to the terms herein) relating to or in connection with Artist, the making and exploitation of Records hereunder, including, without limitation, in connection with Mobile Materials and in general goodwill advertising. Each of Grantor and Artist warrants and

represents that Grantor and/or Artist owns the exclusive rights to so use such names, likenesses, autographs and biographical materials and that the use of same will not infringe upon the rights of any Person. Without limiting the foregoing, RAF shall have the right (but not any obligation) to cause a search to be instituted to determine whether the use of any of the professional names or sobriquets proposed to be used by Artist or Grantor hereunder may infringe upon the rights of any Person. If, in the opinion of RAF's counsel, the use of any such professional name or sobriquet may infringe upon the rights of any Person, or if any Person challenges RAF's, Grantor's or Artist's right to use any such professional name or sobriquet, then RAF may, at its election and without limiting its rights, require Grantor to cause Artist to adopt another professional name or sobriquet approved by RAF without awaiting the determination of the validity of such challenge. Furthermore, during the Term, Artist will not change the name by which Artist is professionally known without the prior written approval of RAF, not to be unreasonably withheld.

(b) Grantor shall supply RAF with the biographies and likenesses of Artist and the individual producer(s) of Master Recordings hereunder, which biographies and likenesses are intended for use solely in connection with the release and distribution of Master Recordings hereunder, and shall be delivered to RAF by no later than the date of delivery of the relevant Album required to be delivered in fulfillment of the Minimum Recording Obligation in each Period. Grantor further agrees to supply to RAF, promptly after RAF's request, additional and/or updated biographies and likenesses. All likenesses and biographies supplied by Grantor shall be deemed approved by Grantor. In the event RAF desires to use any likenesses not supplied by Grantor, or biographical material substantially different from that supplied by Grantor, then Grantor shall have the right to approve same (unless such approval would interfere with a scheduled release date for the Master Recordings), which approval shall not be unreasonably withheld and shall be deemed to have been given within seven (7) business days following Grantor's receipt of such material, unless Grantor notifies RAF to the contrary within said seven (7) business day period. Notwithstanding the foregoing, any inadvertent failure by RAF to obtain the aforesaid approval shall not be deemed a breach of this agreement, provided RAF rectifies such failure in future manufacturing "runs" of materials prepared after RAF's receipt of notice of such failure from Grantor.

(c) For the avoidance of doubt, no commercial merchandising rights (as such term is customarily used in the recording industry) are granted to RAF hereunder.

(d) RAF agrees that Grantor shall have the non-exclusive right to use and to authorize the use by others of cover artwork of Albums embodying solely the Master Recordings in connection with the exploitation of merchandising rights, and further agrees to supply to Grantor, at Grantor's sole cost, duplicate negatives of such artwork for such purpose at Grantor's request. Grantor's exploitation of such merchandising rights shall be subject to any and all restrictions of which RAF may advise Grantor, and Grantor shall exercise the merchandising rights only in accordance with such restrictions. In no event shall Grantor have the right to reproduce any trademark, trade name or logo of RAF without RAF's express written consent, which may be withheld for any reason whatsoever. For the rights granted to Grantor pursuant to this paragraph 5.04(d), Grantor agrees that it shall do nothing to derogate from RAF's copyright in said artwork, and Grantor agrees further to reproduce RAF's copyright notice at all times in conjunction with reproduction of such artwork. Grantor shall pay to RAF fifty percent (50%) of the total amount of actual, out-of-pocket expenses incurred or paid by RAF in connection with the preparation of such Artwork, plus one hundred percent (100%) of any costs which become

due or payable as a result of Grantor's exploitation or exercise of any merchandising and shall pay such monies to RAF on or before ten (10) days following Grantor's receipt of the duplicate negatives.

5.05. (a) Grantor and Artist hereby grant to RAF and its designees an exclusive license (subject to the terms herein) during the "License Period" (as defined below), without any liability to any Person, to do the following: (i) to create, maintain and host one (1) music-related Website relating to Artist in connection with the marketing and exploitation of Records hereunder (the "RAF Artist Website"); and (ii) to use the name "kanyewest.xxx" and/or any and all variations thereof which embody Artist's name or use a name similar to Artist's name as Uniform Resource Locators ("URLs"), addresses and/or domain names ("Artist Domain Name") in connection with the RAF Artist Website. As used in the preceding sentence ".xxx" shall mean each and every so-called "second level" domain name now in existence or hereafter implemented including without limitation, ".com", ".net", ".org" together with territorial identifiers, e.g., ".uk". For the avoidance of doubt, RAF agrees that, as between RAF, Grantor and Artist, Grantor or Artist (as applicable) shall retain ownership of the Artist Domain Name and all rights therein, subject to the license herein granted to RAF. Grantor represents and warrants that Grantor or Artist has registered the Artist Domain Name as a URL and will maintain such registration during the Term.

(b) Notwithstanding the provisions of paragraph 5.05(a) above, but without limiting RAF's right during and after the Term to create, maintain and host the RAF Artist Website in connection with Artist's services hereunder, the License Period shall expire nine (9) months following the end of the Term. Upon the expiration of the License Period, the license herein granted to RAF shall automatically expire, and, accordingly, RAF's rights to use the Artist Domain Name as a website address shall immediately cease. RAF shall, however, retain the non-exclusive right to continue to create, maintain and host an Artist Website after the expiration of the License Period, provided such Artist Website is located at a URL other than the Artist Domain Name and such Artist Website is used solely to promote and market Artist's Records which were delivered to RAF during the Term.

(c) (i) Notwithstanding the provisions of paragraph 5.05(a) above, during the License Period, Grantor or Artist shall have the right to register, host and maintain one (1) mutually approved Artist Website located at an Artist domain name (the "Excluded Site"), provided, however, that during the License Period neither Grantor nor any Person deriving any rights from Grantor shall use, authorize or endorse any such Artist Website as the "official" Artist Website in connection with Artist's recording career, and provided further that during the License Period, RAF shall have the right to require Grantor or Artist to include on the Excluded Site so-called "hyperlinks" to Artist Domain Name and/or any RAF Website. For the avoidance of doubt, the provisions of paragraph 10.10 below shall apply with respect to the Excluded Site.

(ii) Notwithstanding the foregoing provisions of paragraph 5.05(c)(i) above, RAF hereby agrees that at Grantor's request, RAF will include a hyperlink from the RAF Artist Website to the Excluded Site, if any (provided such Excluded Site is not directly competitive with RAF's normal course of business).

5.06. (a) With respect to the RAF Artist Website, Website Material and ECD Material, all artwork and other creative elements produced in connection therewith, including, without limitation, production personnel, shall be mutually approved by Grantor and RAF,

provided, however, that any Artwork or other materials furnished or approved by Grantor or Artist for any other purpose hereunder shall be deemed approved by Grantor and Artist for use in connection with the RAF Artist Website, Website Material and ECD Material and provided further that RAF shall have the right to include on the RAF Artist Website and within ECD Material so-called "hyperlinks" to the Artist Domain Name and other URLs in RAF's sole discretion (subject to the terms set forth herein). RAF shall not be required to seek Grantor's or Artist's approval of any hyperlink to the URL for a Record retailer (accordingly, all other "hyperlinks" shall be approved by Grantor). In addition, RAF hereby agrees that, except as provided in the following sentence, RAF will not place or authorize the placement of any banners or other advertisements directly on the RAF Artist Website without Grantor's or Artist's prior consent. Grantor and Artist expressly acknowledge and agree, however, that, notwithstanding the foregoing restriction, RAF shall have the right to place on the RAF Artist Website banners and/or advertisements for RAF, its parent and affiliated companies, and/or to any other seller of phonograph records designated by RAF, and to place advertising, banners and/or hyperlinks on so-called RAF Frames. RAF will consult Grantor with respect to the "look and feel" of the user interface of the RAF Artist Website.

(b) RAF is and will be the sole owner of all worldwide rights in and to all ECD Material and Website Material created hereunder in connection with the RAF Artist Website, all individual elements thereof, and the selection and arrangement of such elements, including the worldwide copyrights therein and thereto, throughout the world and in perpetuity. Notwithstanding anything to the contrary contained in this paragraph 5.06(b), to the extent Grantor or Artist (and not RAF) creates and owns the copyright in any materials that are provided by Grantor or Artist to RAF for use on the RAF Artist Website (other than those materials to be generally delivered by Grantor to RAF pursuant to the terms of this agreement), then, as between Grantor or Artist and RAF, Grantor or Artist shall own the copyright in any materials so licensed by Grantor or Artist to RAF for use hereunder.

(c) Grantor will issue (or cause the music publishing companies having the right to do so to issue) (i) worldwide, perpetual synchronization licenses, and (ii) worldwide, perpetual licenses for public performance to RAF on terms customarily applied by RAF under comparable circumstances (provided that such licenses shall be issued at no cost for promotional exploitation) for the use of all Compositions in Website Material and ECD Material effective as of the commencement of production of the applicable Website Material or ECD Material (and Grantor's execution of this agreement constitutes the issuance of such licenses by Grantor, Artist and any music publishing company that is owned or controlled by Grantor, Artist or any Person owned or controlled by Grantor or Artist). In the event that Grantor fails to cause any such music publishing company to issue any such license to RAF, or if RAF is required to pay any fee to such music publishing company in order to obtain any such license, RAF will have the right to deduct the amount of such license fee from any and all monies (excluding future Advances that may become payable to Grantor pursuant to paragraph 6.01(a) hereof) otherwise payable to Grantor hereunder.

(d) Upon RAF's reasonable request, and subject to Artist's prior professional commitments, Artist will be available (at RAF's sole non-recoupable expense) for a reasonable number of on-line "chats" hosted on the RAF Artist Website.

(e) Grantor will supply RAF, at RAF's request and sole non-recoupable expense, with Website Material for possible inclusion on the RAF Artist Website, including,

without limitation and if reasonably available, transcripts of published interviews of Artist, transcripts of articles relating to Artist, photographs, and other similar materials; provided that if any such Website Materials (other than those materials to be generally delivered by Grantor to RAF pursuant to the terms of this agreement) are requested by RAF for use on the RAF Artist Website (and not requested by Grantor), then RAF shall undertake to clear the rights to use such Website Materials and shall hold Grantor harmless in connection therewith).

(f) Unless otherwise explicitly set forth herein, RAF will have the same rights in and to the RAF Artist Website, Website Material and ECD Material as are otherwise applicable hereto with respect to Master Recordings made hereunder (subject to the same terms and conditions in connection therewith, where actually applicable), including, without limitation, the right to use and publish, and to permit others to use and publish, Grantor's and Artist's name and likeness and/or, without limitation, Mobile Materials in the RAF Artist Website (subject to paragraph 5.04(b) above), Website Material and ECD Material and for advertising Records and other exploitations of Masters hereunder.

(g) RAF shall have the obligation to reasonably create, host and maintain the RAF Artist Website during the License Period in a "first-class" manner. RAF shall use its best reasonable efforts to update the RAF Artist Website when new and pertinent information in connection with the Artist becomes available to RAF. In the event RAF does not maintain or update the RAF Artist Website as set forth herein, and RAF has not updated the RAF Artist Website within sixty (60) days following receipt of Grantor's written notice of RAF's failure to do so, the License Period shall be deemed to have expired. For the avoidance of doubt, in the event the License Period expires pursuant to this paragraph 5.06(g), no other provisions of this agreement (other than paragraphs 5.05 and 5.06) shall be affected.

6. ADVANCES

6.01. Provided Grantor has fulfilled Grantor's material obligations hereunder, RAF shall pay, as Advances to be charged against and be recoupable from royalties (excluding mechanical royalties, except as expressly permitted herein) accruing to Grantor's account hereunder, the following:

(a) All Recording Costs in the approved budget. Grantor shall be responsible for the payment of all Recording Costs or other costs in connection with making Master Recordings which costs have not been specifically approved in writing by RAF. If RAF elects to pay any such costs for which Grantor is responsible, then RAF shall have the right to demand reimbursement therefor from Grantor (and Grantor shall immediately make such reimbursement) and/or the right to deduct such costs from any and all monies, excluding mechanical royalties, otherwise payable to Grantor hereunder.

(b) (i) (A) Grantor hereby acknowledges prior receipt of any and all advances payable in connection with the First Album.

(B) With respect to the Second Album, RAF will pay to Grantor an Advance equal to the excess of Three Million Five Hundred Thousand Dollars (\$3,500,000) (the "Second Album Recording Fund") over Recording Costs for such Album. Such Second Album Recording Fund shall be payable as follows: (1) Two Million Three Hundred Thousand Dollars (\$2,300,000) (the "Second Album Execution Advance") to Grantor

promptly following the complete execution hereof; (2) the balance, if any, after deduction of all Recording Costs paid or incurred by RAF in connection with such Second Album promptly following delivery of all Master Recordings and other materials required to be delivered to RAF pursuant to Articles 3 and 4 in connection with such Second Album. The balance of the Recording Fund shall be administered by RAF and if, after deduction of all Recording Costs paid or incurred by RAF in connection with such Second Album, with an allowance for a reasonable provision for recording costs (including initial so-called "sample payments") not yet billed or accrued, there remains any balance of the Recording Fund, it shall be paid to Grantor promptly following delivery of all Master Recordings and other materials required to be delivered to RAF pursuant to Articles 3 and 4 in connection with the Second Album. The Second Album Recording Fund shall be recoupable from any and all royalties, excluding mechanical royalties, otherwise payable to Grantor under the Agreement. Notwithstanding anything expressed or implied to the contrary herein, if a commercially satisfactory Second Album is physically delivered to RAF (accompanied by all related artwork, credits, sample, co-producer and side artist information, if applicable) by the Target Date, then RAF will increase the Second Album Recording Fund by Seven Hundred Fifty Thousand Dollars (\$750,000) (the "Timely Delivery Advance"). The Timely Delivery Advance shall be payable, less any actual and anticipated overages of the Second Album Recording Fund, promptly following the Target Date.

(C) Provided that Grantor and Artist are in compliance with all of their respective obligations under the Agreement, with respect to the Second Album, in addition to any other Advances payable to Grantor hereunder in connection therewith, RAF will pay to Grantor, promptly following Grantor's notice to RAF that the applicable thresholds have been achieved and RAF's confirmation thereof, the following further Advances (if applicable):

(1) Two Hundred Fifty Thousand Dollars (\$250,000), if, as of the last day of the eighteenth month following the initial United States release of the Second Album⁴, such Second Album has achieved world-wide sales of three million (3,000,000) units.

(2) Five Hundred Thousand Dollars (\$500,000), if, as of the last day of the eighteenth month following the initial United States release of the Second Album, such Second Album has achieved world-wide sales of three million five hundred thousand (3,500,000) units.

(D) Provided that Grantor and Artist are in compliance with all of their respective obligations under the Agreement, if sales of the First Album through Normal Retail Channels in the United States (as reported by Soundscan) exceed three million (3,000,000) units within eleven (11) months following the date of this agreement, then RAF will pay to Grantor an additional Advance in the amount of Five Hundred Thousand Dollars (\$500,000) promptly following RAF's confirmation that such sales threshold was attained; provided that and subject to the Second Album having been delivered to RAF by the Target Date as provided herein.

(E) Notwithstanding anything expressed or implied to the contrary in paragraph 8.01 of this agreement, promptly following the complete execution hereof, RAF will pay Grantor an Advance of Three Hundred Thousand Dollars (\$300,000) against so-called "pipeline" royalties attributable to the First Album, including, but not limited to, royalties in respect of the royalty accounting period ending December 31, 2004.

(iii) (A) With respect to each Album of the Minimum Recording Obligation subsequent to the Second Album, if any, RAF shall pay to Grantor an Advance equal to the excess of the amount ("Recording Fund") set forth below over Recording Costs for each such Album. The Recording Fund for each such Album shall be that amount, as reflected in an estimated trial balance prepared by RAF as of the end of the month prior to the month in which the Master Recordings constituting the applicable Album are initially required to be delivered hereunder, equal to seventy percent (70%) of the lesser of: (1) the royalties earned on Net Sales through Normal Retail Channels in the United States of the immediately preceding Album of the Minimum Recording Obligation, or (2) the average of the royalties earned on Net Sales through Normal Retail Channels in the United States of the immediately preceding two (2) Albums of the Minimum Recording Obligation (if there are two (2) such Albums) which calculation shall include RAF's good faith estimate of so-called "pipeline" royalties. For the purposes of this paragraph 6.01(b)(ii)(A) only, delivery of an Album shall be deemed to occur on the date which is the earlier of: (x) actual delivery of the applicable Master Recordings; or (y) the last date that upon which delivery of the applicable Master Recordings would have been timely pursuant to paragraph 4.01 above. For purposes of the foregoing calculation only, Net Sales figures shall be revised to reflect a deduction of fifteen percent (15%) as and for reserves with respect to each applicable Album in lieu of any amount otherwise permitted to be deducted for such reserves hereunder. If the foregoing calculation of the applicable Recording Fund is based upon less than fifteen (15) months of royalty earnings, then RAF shall make a subsequent re-calculation to determine the Recording Fund when such Album has been released for fifteen (15) months and pay Grantor the actual Recording Fund Advance, if any, determined pursuant to such re-calculation, promptly following such re-calculation.

<u>Album of Minimum Recording Obligation</u>	<u>Minimum Recording Fund</u>	<u>Maximum Recording Fund</u>
third	\$300,000	\$650,000
fourth	\$325,000	\$700,000
fifth	\$400,000	\$850,000
sixth	\$425,000	\$900,000
seventh	\$450,000	\$950,000

(B) Each such Advance shall be paid as follows: (x) an amount equal to twenty percent (20%) of the applicable Recording Fund, promptly following RAF's receipt of Artist's notice that it has commenced recording in accordance with the terms hereof; and (y) the balance shall be paid, after deduction of all Recording Costs paid or incurred by RAF in connection with such Album, promptly following delivery to RAF of all Master Recordings and other materials required to be delivered pursuant to Articles 3 and 4 with respect to each such Album.

(iii) Costs in excess of the applicable Recording Fund to the extent due to Grantor's or Artist's acts or omissions shall be Grantor's responsibility and, to the extent RAF elects to pay any of such costs, RAF shall have the right to demand reimbursement therefor from Grantor (and Grantor shall immediately make such reimbursement) and/or RAF may deduct such amounts from any and all monies otherwise payable to Grantor hereunder. If any Album of the Minimum Recording Obligation is not delivered within ninety (90) days following the time periods set forth in Article 4 above, the Recording Fund for such Album shall be reduced by five

percent (5%) of the otherwise applicable Recording Fund for each month (or portion thereof) subsequent to the applicable delivery date until that Album is delivered, provided, however, RAF shall not reduce the Recording Fund below the amount of the approved budget for such Album.

(c) It is expressly understood and agreed that any and all Advances paid by RAF pursuant to the terms of this paragraph 6.01 shall specifically include the prepayment of session union scale, as provided in the applicable union codes, and Grantor and Artist agree to complete any documentation required by the applicable union to effectuate the terms of this sentence.

6.02. (a) Except as otherwise set forth herein, any monies paid to Grantor or Artist during the Term and any monies paid by RAF on Grantor's or Artist's behalf or at Grantor's or Artist's direction, other than royalties paid pursuant to this agreement shall be deemed Advances.

(b) All costs paid or incurred by RAF in connection with any search or registration in respect of any trademark, name or sobriquet now or hereafter used or proposed to be used by Artist under this agreement, up to Seven Hundred Dollars (\$700) shall be deemed Advances.

6.03. (a) All Video Costs shall be deemed Advances; provided, however, that only fifty percent (50%) of such Video Costs shall be recoupable from audio-only Record royalties payable pursuant to the provisions of Article 7 hereof. Notwithstanding the foregoing, one hundred percent (100%) of any video production costs in excess of Three Hundred Thousand Dollars (\$300,000) per Video shall be recoupable from audio-only Record royalties payable pursuant to the provisions of Article 7 hereof. For the avoidance of doubt, RAF shall not recoup any Video Costs more than once.

(b) Fifty percent (50%) of the following costs incurred by RAF shall also be deemed Advances: (i) costs incurred in connection with the creation, hosting and/or maintenance of Artist Websites; (ii) costs incurred in connection with securing, registering and/or protecting Artist Domain Names; (iii) costs incurred in connection with the creation of ECD Materials; (iv) costs incurred in connection with independent promotion, independent marketing and independent publicity; and (v) all worldwide costs paid or incurred by RAF or RAF's affiliates in connection with a substantial television, movie or radio campaign. Notwithstanding the foregoing, RAF shall not recoup more than Forty Thousand Dollars (\$40,000) for each Album of the Minimum Recording Obligation in connection with paragraphs 6.03(b)(i), (ii) and (iii) (collectively, the "Website Cost Provisions"). For the avoidance of doubt, RAF shall not recoup any costs with respect to any services rendered by any RAF-employee in connection with the Website Cost Provisions.

7. ROYALTIES

RAF shall accrue to the account of Grantor in accordance with the provisions of Article 8 below the following royalties for the sale of Phonograph Records derived from Master Recordings hereunder provided, however, no royalties shall be due and payable to Grantor until such time as all Advances have been recouped by or repaid to RAF:

7.01. A royalty of eight percent (8%) of the Royalty Base for Net Sales through Normal Retail Channels in the United States ("USNRC Net Sales") of all Singles and Long-Play Singles, except twelve percent (12%) in respect of Net Sales during the second Contract Period.

7.02. With respect to USNRC Net Sales of Albums hereunder:

(a) (i) A royalty of fourteen percent (14%) of the Royalty Base with respect to Master Recordings recorded during the initial Contract Period.

(ii) For USNRC Net Sales of any Album of the Minimum Recording Obligation recorded during the initial Contract Period in excess of five hundred thousand (500,000) USNRC units, the royalty rate for such excess units of such Album only shall be fourteen and one-half percent (14-1/2%) of the Royalty Base in lieu of the royalty rate provided in paragraph 7.02(a)(i) above.

(iii) For USNRC Net Sales of any Album of the Minimum Recording Obligation recorded during the initial Contract Period in excess of one million (1,000,000) USNRC units, the royalty rate for such excess units of such Album only shall be fifteen percent (15%) of the Royalty Base in lieu of the royalty rate provided in paragraphs 7.02(a)(i) or 7.02(a)(ii) above.

(b) (i) A royalty of eighteen percent (18%) of the Royalty Base with respect to Master Recordings recorded during the second Contract Period.

(ii) For USNRC Net Sales of any Album of the Minimum Recording Obligation recorded during the second Contract Period in excess of one million (1,000,000) USNRC units, the royalty rate for such excess units of such Album only shall be eighteen and one-half percent (18-1/2%) of the Royalty Base in lieu of the royalty rate provided in paragraph 7.02(b)(i) above.

(iii) For USNRC Net Sales of any Album of the Minimum Recording Obligation recorded during the second Contract Period in excess of two million (2,000,000) USNRC units, the royalty rate for such excess units of such Album only shall be nineteen percent (19%) of the Royalty Base in lieu of the royalty rate provided in paragraphs 7.02(b)(i) or 7.02(b)(ii) above.

(c) (i) A royalty of fifteen percent (15%) of the Royalty Base with respect to Master Recordings recorded during the third Contract Period.

(ii) For USNRC Net Sales of any Album of the Minimum Recording Obligation recorded during the third Contract Period in excess of five hundred thousand (500,000) USNRC units, the royalty rate for such excess units of such Album only shall be fifteen and one-half percent (15-1/2%) of the Royalty Base in lieu of the royalty rate provided in paragraph 7.02(c)(i) above.

(iii) For USNRC Net Sales of any Album of the Minimum Recording Obligation recorded during the third Contract Period in excess of one million (1,000,000) USNRC units, the royalty rate for such excess units of such Album only shall be sixteen percent

(16%) of the Royalty Base in lieu of the royalty rate provided in paragraphs 7.02(c)(i) or 7.02(c)(ii) above.

(d) (i) A royalty of sixteen percent (16%) of the Royalty Base with respect to Master Recordings recorded during the fourth and fifth Contract Periods.

(ii) For USNRC Net Sales of any Album of the Minimum Recording Obligation recorded during the fourth and fifth Contract Periods in excess of five hundred thousand (500,000) USNRC units, the royalty rate for such excess units of such Album only shall be sixteen and one-half percent (16-1/2%) of the Royalty Base in lieu of the royalty rate provided in paragraph 7.02(d)(i) above.

(iii) For USNRC Net Sales of any Album of the Minimum Recording Obligation recorded during the fourth and fifth Contract Periods in excess of one million (1,000,000) USNRC units, the royalty rate for such excess units of such Album only shall be seventeen percent (17%) of the Royalty Base in lieu of the royalty rate provided in paragraphs 7.02(d)(i) or 7.02(d)(ii) above.

(e) (i) A royalty of seventeen percent (17%) of the Royalty Base with respect to Master Recordings recorded during the sixth and seventh Contract Periods.

(ii) For USNRC Net Sales of any Album of the Minimum Recording Obligation recorded during the sixth and seventh Contract Periods in excess of five hundred thousand (500,000) USNRC units, the royalty rate for such excess units of such Album only shall be seventeen and one-half percent (17-1/2%) of the Royalty Base in lieu of the royalty rate provided in paragraph 7.02(e)(i) above.

(iii) For USNRC Net Sales of any Album of the Minimum Recording Obligation recorded during the sixth and seventh Contract Periods in excess of one million (1,000,000) USNRC units, the royalty rate for such excess units of such Album only shall be eighteen percent (18%) of the Royalty Base in lieu of the royalty rate provided in paragraphs 7.02(e)(i) or 7.02(e)(ii) above.

7.03. (a) The royalty rate with respect to Net Sales of Records sold for distribution in Canada shall be eighty-five percent (85%) of the otherwise applicable royalty rate set forth herein, except ninety percent (90%) in respect of Net Sales of the Second Album.

(b) The royalty rate with respect to Net Sales of Records sold for distribution in The United Kingdom, Japan and Australia shall be eighty percent (80%) of the otherwise applicable royalty rate set forth herein, except eighty-five percent (85%) in respect of Net Sales of the Second Album sold for distribution in The United Kingdom.

(c) The royalty rate with respect to Net Sales of Records sold for distribution in the Benelux Countries, Austria, Switzerland, France, Germany, Greece, Sweden, Denmark, Norway, Finland, Spain, Italy and New Zealand shall be seventy-five percent (75%) of the otherwise applicable royalty rate set forth herein.

(d) The royalty rate with respect to Net Sales of Records sold for distribution in the rest of the world (i.e., those countries other than those set forth in paragraphs 7.03(a)

7.03(c) above) shall be sixty percent (60%) of the otherwise applicable royalty rate set forth herein, except sixty-six and two-thirds percent (66-2/3%) in respect of Net Sales of the Second Album.

(e) For purposes of this paragraph 7.03, the sales escalations provided herein, if any, shall not apply.

7.04. (a) (i) Notwithstanding anything to the contrary set forth herein, with respect to Net Sales of Records sold in the form of compact discs, the royalty rate shall be eighty five percent (85%) of the otherwise applicable royalty rate set forth herein, except one hundred percent (100%) in respect of Net Sales of the Second Album.

(ii) For USNRC Net Sales of any Album of the Minimum Recording Obligation other than the Second Album sold in the form of compact discs in excess of five hundred thousand (500,000) units, the royalty rate for such excess units of such Album sold in the form of compact discs only shall be ninety percent (90%) of the otherwise applicable royalty rate set forth herein.

(iii) For USNRC Net Sales of any Album of the Minimum Recording Obligation other than the Second Album sold in the form of compact discs in excess of one million (1,000,000) units, the royalty rate for such excess units of such Album sold in the form of compact discs only shall be ninety-five percent (95%) of the otherwise applicable royalty rate set forth herein.

(b) With respect to Net Sales of Records sold in the form of Record configurations not specifically provided for herein, RAF shall accrue a royalty, with respect to each such Record, equal to seventy-five percent (75%) of the otherwise applicable royalty rate for compact discs. Notwithstanding anything to the contrary contained in this paragraph 7.04(b) above, if, as of the end of a particular accounting period, Grantor notifies RAF that a particular new configuration comprises twenty-five percent (25%) or more of all configurations of Records sold in the United States as confirmed by the Recording Industry Association of America (or the then-applicable organization representing the recording industry generally), then, as of the commencement of the immediately subsequent accounting period, the royalty rate for such configuration of Records shall be one hundred percent (100%) of the otherwise applicable royalty rate set forth herein for Records in the compact disc configuration. For purposes of this paragraph only, the term "configurations not specifically provided for herein" means configurations other than vinyl disc, analog cassette, compact disc, and Audio-Visual Devices.

7.05. (a) The royalty for Net Sales of EP Records shall be accrued at two-thirds (2/3) of the otherwise applicable Album royalty rate and shall be computed based on the particular Royalty Base of each EP Record.

(b) With respect to USNRC Net Sales of Long-Play Singles, RAF shall accrue to Grantor's account a royalty of two-thirds (2/3) of the otherwise applicable Singles royalty rate and shall be computed based on the particular Royalty Base of each such Long-Play Single.

(c) The royalty for Net Sales of Mid-Price Records and Records sold in Armed Forces Post Exchanges shall be accrued at three-fourths (3/4) of the otherwise applicable

royalty rate set forth herein and shall be computed based on the particular Royalty Base of each such Record.

(d) The royalty for Net Sales of premium Records, Budget Records or special configuration Singles (i.e., Singles and/or Long-Play Singles sold at two for the price of one, manufactured in colored vinyl and/or sold with a four-color poster included) shall be accrued at one-half (1/2) of the otherwise applicable royalty rate set forth herein and shall be computed based on the particular Royalty Base of each such Record.

(e) The royalty rate with respect to Net Sales through Normal Retail Channels of Multiple-Record Albums sold by RAF for distribution shall be calculated by multiplying the otherwise applicable royalty rate by a fraction, the numerator of which shall be the Royalty Base for such Multiple-Record Album, and the denominator of which shall be the Royalty Base applicable to RAF's or its licensees' top-line single-disc LPs multiplied by the number of disc LPs in the Multiple-Record Album.

(f) For purposes of this paragraph 7.05, the sales escalations provided, herein, if any, shall not apply.

7.06. (a) With respect to the following Records and/or exploitation of Master Recordings, the royalty to be accrued hereunder shall be a sum equal to fifty percent (50%) of RAF's net receipts with respect to such exploitation: (i) Records derived from Master Recordings hereunder sold through record clubs or similar sales plans whether operated by Non-Affiliated Third Parties or otherwise; (ii) licenses of Master Recordings to Non-Affiliated Third Parties for sales of Records by such licensees through direct mail, mail order or in conjunction with TV or radio advertising, including through methods of distribution such as "key outlet marketing" (distribution through retail fulfillment centers in conjunction with special advertisements on radio or television), or by any combination of the methods set forth above or other methods; (iii) licenses of Master Recordings to Non-Affiliated Third Parties on a flat-fee or other royalty basis, provided that with respect to such licenses the royalty shall in no event be greater than the royalty which would be payable to Artist by virtue of applying the applicable pro-rata artist royalty rate with respect to such Master Recording license; (iv) licenses to Non-Affiliated Third Parties for promotional or commercial use of Audio-Visual Recordings described in paragraph 5.02, excluding blanket licenses to exploit RAF's Audio-Visual Recording catalog; and (v) use of the Master Recordings for background music, synchronization in motion pictures and television soundtracks and Records derived therefrom whether produced and/or distributed by Non-Affiliated Third Parties or otherwise, and/or use on transportation facilities.

(b) In the event that RAF shall distribute or authorize other Persons to distribute Records by means of (i) a so-called "permanent" download (whether or not such download is transferable to a portable device or such download can be "burned" to CD or other format), (ii) by making Master Recordings hereunder available through subscription services, and/or (iii) any Records in which RAF distributes or authorizes any other Person to distribute as a so-called: (A) "stream" (i.e., for simultaneous playback, and not in a downloadable format); or (B) "conditional" download (i.e., any download where the access to the content expires or is "timed-out" when the consumer's subscription or other similar service lapses); (iv) any Ancillary Website Exploitation and; (v) any other form of Electronic Transmission for which a

rate is not otherwise specifically set forth herein, the royalty to be accrued hereunder in respect of such exploitation shall be determined by applying the applicable royalty rate and Royalty Base set forth herein for an equivalent Record; however, the following deductions shall not apply when computing Artist's royalty with respect to any such "permanent" downloads: (1) Container Charges (as set forth in paragraph 13.10 below); (2) new technology deductions (as set forth in paragraph 7.04(b) above); and (3) free goods (as set forth in paragraphs 13.21(a)(ii) and (iii) below). For the avoidance of doubt, whether a particular Record is distributed (by means of a "permanent" download, through portable subscription services or through other means of Electronic Transmission per this paragraph 7.06(b)) as an individual Master Recording or such Master Recording is part of an entire Album, the royalty that shall be accrued hereunder shall be the applicable Album royalty rate pursuant to the terms set forth herein.

(c) [Intentionally deleted, subject to paragraph 5.01 herein].

(d) With respect to any and all licenses or other exploitations of Master Recordings not expressly provided for herein, the royalty to be accrued hereunder in respect of such exploitation shall be determined by applying the applicable royalty rate and Royalty Base set forth herein for an equivalent Record.

(e) The terms "net receipts" and "net amount received" and similar terms in this paragraph 7.06 shall mean all amounts received by RAF in connection with the subject matter thereof which are solely attributable to the Master Recordings hereunder (excluding catalog and/or administrative fees payable to RAF), after deduction of any costs or expenses or amounts incurred by RAF or which RAF is obligated to pay (such as, without limitation, production costs, mechanical copyright payments, AFM and other union or guild payments).

(f) If, pursuant to RAF's agreement ("Club Agreement") with any record club licensee distributing Records hereunder ("Artist Records") through direct mail or mail order operations, (i) the aggregate number of RAF's Records (including Artist Records) distributed thereunder during any applicable period of time as "free" or bonus" records shall exceed the aggregate number of RAF's Records (including Artist Records) sold thereunder during that period (hereinafter such excess Records are referred to as "Excess Club Records"); and (ii) the number of Artist Records distributed thereunder during such period by such licensee as "free" or "bonus" Records shall exceed the number of Artist Records sold during such period by such licensee (hereinafter such excess Records are referred to as "Excess Club Artist Records"), then your royalty account hereunder shall be credited with an amount equal to fifty percent (50%) of the adjusting royalty payment, if any, made by such licensee to RAF solely attributable to the Excess Club Records distributed by that licensee during such period multiplied by a fraction equal to the aggregate number of Excess Club Artist Records distributed by that licensee during such period divided by the Aggregate Qualifying Excess Club Records (as defined in the following sentence), including Excess Club Artist Records, distributed by that licensee during such period. As used in the preceding sentence, "Aggregate Qualifying Excess Club Records" shall mean the aggregate number of "free" or "bonus" Records in excess of Records sold with respect to each particular RAF recording artist whose "free" or "bonus" Records distributed pursuant to a Club Agreement exceed the number of such RAF artist's Records which are sold thereunder during such applicable period. Notwithstanding the foregoing, if pursuant to any particular Club Agreement the record club licensee accounts to RAF in connection with "free" or

"bonus" records upon a basis which also includes Records released by any company which is a "related company" (i.e., a parent, subsidiary or affiliate of RAF), then with respect to that particular Club Agreement all references to RAF in the preceding provisions of this paragraph 7.06(f) shall be deemed to include such related company(ies).

7.07. As to Net Sales by RAF or its affiliated licensees of Records derived from Master Recordings by direct mail or mail order, whether or not in conjunction with radio or TV advertising, including through methods of distribution such as "key outlet marketing", or by any combination of such methods (but excluding retail sales via the Internet), the royalty to be accrued hereunder shall be a royalty of four percent (4%) (except seven percent (7%) in respect of such Net Sales during the Second Contract Period) of the Royalty Base for Net Sales of such Records.

7.08. With respect to Joint Recordings, the royalty to be accrued hereunder shall be the otherwise applicable royalty provided for herein divided by the total number of royalty-earning artists (including Artist) whose performances are embodied on the Joint Recording concerned.

7.09. As to Records not consisting entirely of Master Recordings delivered hereunder, the royalty to be accrued hereunder shall be pro-rated on the basis of the number of Master Recordings hereunder which are on such Records compared to the total number of royalty-bearing Master Recordings on such Records.

7.10. (a) (i) With respect to USNRC Net Sales of Audio-Visual Devices at a Top-Line price, RAF shall accrue to Grantor's account a royalty of eleven percent (11%) of the applicable Royalty Base, except thirteen percent (13%) in respect of such Net Sales during the second Contract Period.

(ii) With respect to USNRC Net Sales of Audio-Visual Devices at a Base Price which is less than a Top-Line price, RAF shall accrue to Grantor's account a royalty of eleven percent (11%) of the applicable Royalty Base multiplied by a fraction, the numerator of which is the suggested retail list price that equates to the applicable Base Price and the denominator of which is Nineteen Dollars and Ninety-Five Cents (\$19.95), except thirteen percent (13%) in respect of such Net Sales during the second Contract Period.

(b) (i) With respect to Net Sales of Audio-Visual Devices outside the United States at a Top-Line price, RAF shall accrue to Grantor's account a royalty of five and one-half percent (5-1/2%) of the applicable Royalty Base, except seven percent (7%) in respect of such Net Sales during the second Contract Period.

(ii) The royalty for Net Sales of Audio-Visual Devices outside the United States at a price which is customarily considered to be "mid-price" in the country concerned shall be accrued at two-thirds (2/3) of the otherwise applicable royalty rate and shall be computed based on the particular Royalty Base of each such Audio-Visual Device.

(iii) The royalty for Net Sales of Audio-Visual Devices outside the United States at a Base Price which is customarily considered to be "budget" in the country concerned, shall be accrued at one-half (1/2) of the otherwise applicable royalty rate and shall be computed based on the particular Royalty Base of each such Audio-Visual Device.

(c) For purposes of this paragraph 7.10, the sales escalations provided herein, if any, shall not apply.

8. ACCOUNTINGS

8.01 Accountings as to royalties accruing or which otherwise would have accrued hereunder shall be made by RAF to Grantor on or before September 30th for the period ending the preceding June 30th, and on or before March 31st for the period ending the preceding December 31st, or such other accounting periods as RAF may in general adopt, but in no case less frequently than semi-annually, together with payment of accrued royalties, if any, earned by Grantor during such preceding half-year, less Advances or other recoupable and/or deductible amounts hereunder. Without limitation of RAF's right to recoup all Advances hereunder against royalties earned hereunder, except as otherwise provided herein, RAF shall not charge against royalties earned with respect to a semi-annual accounting period a contractual Advance which is paid after the end of such accounting period but before such royalties are actually paid, provided that such Advance is being paid solely in connection with an Album of the Minimum Recording Obligation. RAF shall hold a reasonable reserve with respect to each Album of the Minimum Recording Obligation during any semi-annual accounting period which shall be commercially reasonable when considering the difference between: (a) the total number of the applicable Album shipped to Record retailers for commercial sale; and (b) the number of units of the applicable Album sold by such retailers to consumers as reported by Soundscan or any comparable service. Each royalty reserve will be liquidated not later than the end of the fourth full semi-annual accounting period following the period during which such reserve is initially established.

8.02. Royalties in connection with the exploitation of Master Recordings hereunder shall be computed in the same national currency as RAF is accounted to by its licensees and shall be paid at the same rate of exchange as RAF is paid, and shall be subject to any taxes applicable to royalties remitted by or received from foreign sources, provided, however, that royalties on Records sold outside the United States shall not be due and payable by RAF until payment therefor has been received by or credited to RAF in the United States in United States Dollars. If RAF shall not receive payment in the United States, or in United States Dollars, and shall be required to accept payment in a foreign country or in foreign currency, RAF shall deposit to the credit of Grantor (at Grantor's request and expense), in such currency in a depository in the country in which RAF is required to accept payment, Grantor's share of royalties due and payable to Grantor with respect to such sales. Deposit as aforesaid shall fulfill the obligations of RAF as to Record sales to which such royalty payments are applicable. If any law, government ruling or any other restriction affects the amount of the payments which RAF's licensee can remit to RAF, RAF may deduct from Grantor's royalties an amount proportionate to the reduction in such licensee's remittances to RAF.

8.03. (a) All royalty statements rendered by RAF to Grantor shall be binding upon Grantor and not subject to any objection by Grantor for any reason unless specific objection in writing, stating the basis thereof, is given to RAF within three (3) years from the date rendered. Failure to make specific objection within said time period shall be deemed approval of such statement.

(b) All statements hereunder will be deemed conclusively to have been rendered on the due date set forth in paragraph 8.01 above unless Grantor notifies RAF otherwise within ninety (90) days after such due date.

8.04. (a) Grantor shall have the right at Grantor's own expense to audit RAF's books and records only as the same pertain to sales or other distributions of Phonograph Records hereunder on which royalties are payable to Grantor or other exploitations of Master Recordings hereunder on which royalties are payable to Grantor, in each case for the six (6) accounting periods prior to RAF's receipt of written notice from Grantor of Grantor's desire to audit such books and records. Grantor may make such an examination for a particular statement only once, and only within three (3) years after the date when RAF renders said statement under paragraph 8.01. Such audit shall be conducted during RAF's usual business hours, and at RAF's regular place of business in the United States where RAF keeps the books and records to be examined. Such audit shall be conducted by an independent certified public accountant.

(b) Grantor acknowledges that RAF's books and records contain confidential trade information. Neither Grantor nor its representatives shall at any time communicate to others or use on behalf of any other Person any facts or information obtained as a result of such examination of RAF's books and records, unless such disclosure is required pursuant to an order of a court of competent jurisdiction or such information (other than through Grantor's violation of this paragraph 8.04(b)) is publicly available generally and generally known to the public (in addition to the music industry). In the event such disclosure is so ordered, Grantor shall notify RAF in writing promptly following receipt of such order.

8.05. Grantor will not have the right to bring an action against RAF in connection with any royalty accounting or payments hereunder unless Grantor commences the suit within three (3) years from the date such statement of accounting for royalties or such payment was rendered. If Grantor commences suit on any controversy or claim concerning royalty accountings rendered by RAF under this agreement, the scope of the proceeding will be limited to determination of the amount of the royalties rendered for the accounting periods concerned, and the court will have no authority to consider any other issues or award any relief except recovery of any royalties found owing. Grantor's recovery of any such royalties will be the sole remedy available to Grantor (or Artist) by reason of any claim related to RAF's royalty accountings. Without limiting the generality of the preceding sentence, neither Grantor (nor Artist) will have any right to seek termination of the Term of this agreement or avoid the performance of their obligations under it by reason of any such claim. Notwithstanding the foregoing, in the event any court having jurisdiction over the matter determines fraud or gross negligence on the part of RAF in connection with any such claim, and such determination is not appealed, overturned or reversed, the limitations set forth in this paragraph 8.05 shall not apply.

8.06. Grantor hereby authorizes and directs RAF to withhold from any monies due Grantor from RAF any part thereof required by the United States Internal Revenue Service and/or any other governmental authority to be withheld, and to pay same to the United States Internal Revenue Service and/or such other authority. No Advances or other payments shall be made pursuant to this agreement until Grantor has completed the W-9 Internal Revenue Service Form.

8.07. Notwithstanding anything to the contrary expressed or implied elsewhere herein,

if, at any time during or after the Term, the performances embodied on any Master Recording become property of the public domain in any territory of the world such that any Person may reproduce and/or exploit Records embodying such performances in such territory without license from and/or payment to RAF, then no monies whatsoever shall thereafter be accrued to Grantor's account hereunder in connection with the exploitation by RAF or its subsidiaries, affiliates or licensees of such performances in such territory on and after the date on which such performances become property of the public domain in such territory.

9. MECHANICAL COPYRIGHT LICENSES

9.01. The following provisions shall pertain to Controlled Compositions:

(a) Each Controlled Composition shall be and hereby is licensed to RAF in the United States and Canada at a copyright royalty rate equal to seventy-five percent (75%) (except one hundred percent [100%] in respect of the Second Album) of the Statutory Rate prevailing at the time of the earlier of: (i) delivery of the Master Recording embodying such Controlled Composition or (ii) the date such Master Recording was required to be delivered hereunder, subject to the provisions of this Article 9. With respect to Records sold and/or distributed in the manner described in paragraphs 7.05 (excluding 7.05(e)), 7.06 (excluding "permanent" downloads of Master Recordings delivered during the second Contract ^Δ[Period]) or 7.07, the copyright royalty rate with respect to Controlled Compositions shall be three-fourths (3/4) of the rate set forth in the preceding sentence.

(b) Copyright royalties with respect to Controlled Compositions shall be payable only on Net Sales hereunder. Copyright royalties shall not be payable with respect to: (A) Records otherwise not royalty-bearing hereunder; (B) non-musical material; and (C) Compositions which have a playing time of less than one (1) minute and thirty (30) seconds in length and/or any so-called "interludes", "intros" or "outros". Arranged versions of Compositions in the public domain shall be free of copyright royalties if arranged by any of the individuals described in the definition of Controlled Compositions unless such arranged version varies substantially from the original work, in which case such arranged version shall be licensed to RAF at a copyright royalty rate equal to the applicable rate in paragraph 9.01(a) above apportioned according to the same ratio used by ASCAP or BMI in determining performance credits. RAF will not be required to pay mechanical royalties in connection with such arranged version unless Grantor furnishes to RAF, by no later than the date of delivery of the Master Recording embodying such arranged version, documentation satisfactory to RAF of the ratio so used by ASCAP or BMI.

(c) Notwithstanding anything to the contrary contained herein, if any Record hereunder embodies more than one (1) Master Recording of a particular Controlled Composition, then RAF shall only be obligated to pay the copyright royalty rate(s) referred to in paragraph 9.01(a) with respect to only one (1) such Master Recording.

(d) (i) Grantor hereby licenses each Controlled Composition to RAF for synchronization in any promotional Audio-Visual Recording and the uses thereof without payment.

(ii) On a prospective basis only, following recoupment of all

production costs incurred with respect to the applicable Audio-Visual Recording, with respect to each Controlled Composition synchronized in an Audio-Visual Recording which RAF exploits commercially on Audio-Visual Devices, RAF shall pay, with respect to Net Sales of Audio-Visual Devices embodying such Audio-Visual Recordings, a copyright royalty of six cents (\$.06) for each complete Controlled Composition embodied on each such Audio-Visual Device; provided, however, that RAF shall have no obligation to pay an aggregate copyright royalty in excess of four percent (4%) of the lowest wholesale price payable by the largest category of RAF's customers of the applicable Audio-Visual Device embodying Audio-Visual Recordings hereunder. If less than a complete Controlled Composition is embodied on any such Audio-Visual Device, the copyright royalty shall be pro-rated based upon the number of seconds of the applicable Controlled Composition that is used compared to the length of the complete Controlled Composition as embodied on Artist's original Master Recording of such Composition.

(iii) Grantor shall procure from the applicable copyright proprietors an irrevocable written consent to RAF's recording of each non-Controlled Composition for Audio-Visual Recordings and the promotional use thereof without payment. RAF shall negotiate in good faith with such copyright proprietors concerning the terms of payment for the commercial exploitation of non-Controlled Compositions taking into consideration then-prevailing industry standards.

(e) The provisions of this Article 9 shall constitute and are accepted by Grantor, on Grantor's own behalf and on behalf of any other owner of any Controlled Composition(s) or of any rights therein, as full compliance by RAF with all of its obligations under the compulsory license provisions of the applicable copyright law, arising from any use by RAF of Controlled Compositions as provided for herein, and shall constitute a mechanical license. RAF shall have the right to hold reasonable mechanical royalty reserves in respect of sales hereunder. Mechanical royalty reserves maintained by RAF against anticipated returns and credits shall not be held for an unreasonable period of time; retention of a reserve for two years after it is established shall not be considered unreasonable in any case. If RAF makes any overpayment of mechanical royalties on Controlled Compositions (including without limitation, by means of an accounting error or by paying mechanical royalties on Records returned), RAF shall have the right to demand reimbursement of such excess from Grantor (and Grantor shall immediately make such reimbursement) and/or the right to deduct the amount of such overpayment from any and all monies otherwise payable to Grantor hereunder. RAF shall account for mechanical royalties on a quarterly basis. Grantor's right to audit RAF's books and records as the same relate to copyright royalties for Controlled Compositions shall be subject to the terms and conditions set forth in Article 8 in connection with Grantor's audit rights.

(f) Any assignment made of the ownership or copyright in any Controlled Composition shall be made subject to the provisions of this Article 9.

(g) Upon RAF's request, Grantor shall cause the issuance to RAF and RAF's designees of mechanical licenses to reproduce all Compositions on Phonograph Records hereunder distributed outside the United States and Canada on terms no less favorable to RAF and RAF's designees than those generally applicable to Record manufacturers in each country in question. The obligation to account for and pay royalties for the mechanical reproduction of Compositions on sales of Phonograph Records outside of the United States shall be solely that of RAF's affiliates and licensees.

9.02. Notwithstanding anything to the contrary contained herein, Grantor warrants, represents, and agrees that, in the United States and Canada, RAF shall have no obligation whatsoever to pay an aggregate copyright royalty rate in respect of any Record hereunder regardless of the number of Controlled Compositions and/or other Compositions contained thereon, in excess of the following sums:

(a) In respect of an Album: ten (10) times the applicable amount set forth in paragraph 9.01 above (except eleven (11) times such amount in respect of the Second Album and Albums in the compact disc configuration, provided the applicable Album embodies at least eleven (11) different Compositions).

(b) In respect of an EP Record: five (5) times the applicable amount set forth in paragraph 9.01 above.

(c) In respect of a Long-Play Single: three (3) times the applicable amount set forth in paragraph 9.01 above.

(d) In respect of a Single or any Record other than as expressly provided for in this paragraph 9.02: two (2) times the applicable amount set forth in paragraph 9.01 above.

(e) In respect of a Multiple-Record Album: the aggregate copyright royalty rate set forth in paragraph 9.02(a)(i) above multiplied by a fraction, the numerator of which shall be the Royalty Base for such Multiple-Record Album, and the denominator of which shall be the Royalty Base applicable to PRI's or its licensee's top-line single-disc LPs.

9.03. Without limitation of the generality of clause 9.02 above, if the aggregate of copyright royalties in respect of any Record hereunder exceeds the applicable amounts set forth in this Article 9, then, without limitation of RAF's rights, RAF shall have the right, at its election, if it elects to release such Recording, to deduct the amount of such excess from any and all monies otherwise payable hereunder.

9.04. If any Recordings made under this agreement contain copyrighted non-Controlled Compositions which are not available to RAF under compulsory license, RAF will, subject to the provisions of paragraphs 3.05 and 10.12 hereof, obtain mechanical licenses covering such Compositions for RAF's benefit.

9.05. Grantor hereby grants to RAF the irrevocable right throughout the world to print and reproduce the title to each Composition embodied in a Master Recording delivered hereunder and/or the lyrics to each Controlled Composition embodied in a Master Recording delivered hereunder on the packaging of Phonograph Records embodying such Master Recording without payment to any Person. Grantor hereby further grants to RAF the irrevocable right throughout the world to recreate the title to any Composition embodied in a Master Recording delivered hereunder and/or lyrics to any Controlled Composition embodied in a Master Recording delivered hereunder, in the so-called "text mode" of digital compact cassettes and interactive compact discs embodying such Master Recording, or in comparable media, whether now existing or hereafter developed, without payment to any Person. If RAF is required to pay any monies to any Person for the exercise of any of the rights granted to it under this

paragraph 9.05, then RAF shall have the right to demand reimbursement therefor from Grantor (and Grantor shall immediately make such reimbursement) and/or the right to deduct such costs from any and all monies otherwise payable to Grantor hereunder.

9.06. Grantor will use its best efforts to secure from Artist in favor of RAF the first right of refusal and matching right for Universal Music Publishing to enter into an exclusive co-publishing arrangement with Artist at the end of the term of Artist's exclusive arrangement with EMI Music Publishing.

10. GRANTOR'S ADDITIONAL WARRANTIES AND REPRESENTATIONS

Grantor warrants and represents the following:

10.01. (a) Grantor is authorized, empowered and able to enter into and fully perform its obligations under this agreement. Neither this agreement nor the fulfillment thereof by any party infringes upon the rights of any Person. Grantor owns and controls, without any limitations, restrictions or encumbrances whatsoever, all rights granted or purported to be granted to RAF hereunder, and Grantor has obtained all necessary licenses and permissions as may be required for the full and unlimited exercise and enjoyment by RAF of all of the rights granted and purported to be granted to RAF herein. RAF will own, possess and enjoy such rights without any hindrance on the part of any Person whatsoever.

(b) There is in existence between Grantor and Artist a valid and enforceable agreement pursuant to which Artist is required to perform exclusively for Grantor during the Term. Grantor will waive none of its rights under such contract and shall take all steps necessary or desirable to keep the same in full force and effect so that RAF shall have the full benefit of Artist's exclusive services as if Artist had contracted hereunder directly with RAF. Simultaneously with the execution of this agreement, Grantor shall deliver to RAF an agreement between RAF and Artist in the form annexed hereto as Exhibit "A"; Grantor hereby gives its consent and approval to the contents thereof and said Exhibit "A" is hereby made a part hereof. Grantor will require full and complete performance by Artist of such contract. If Artist breaches such contract, Grantor will immediately notify RAF in writing of the details of such breach. If Grantor does not enforce any of Grantor's rights under its contract that relate in any way to RAF's rights hereunder, RAF may, without limitation of RAF's rights, enforce such rights in Grantor's name and/or the name of RAF. In addition to the foregoing, RAF may exercise, in Grantor's stead, Grantor's right to seek injunctive relief against Artist for Artist's breach of Artist's obligations to provide personal services pursuant to the agreement between Grantor and Artist. It is the mutual intention of RAF and Grantor that the rights granted herein specifically but without limitation be a grant of rights to receive injunctive relief pursuant to the provisions of California Civil Code Section 3423 (Fifth) and California Code of Civil Procedure Section 526 (second paragraph 5) concerning the availability of injunctive relief to prevent the breach of a contract in writing for the rendition or furnishing of personal services.

(c) Grantor is a corporation duly organized, existing and in good standing under the laws of the State of New York. The party executing this agreement on behalf of Grantor is an authorized representative of Grantor, duly authorized to sign on Grantor's behalf.

(d) Grantor has no knowledge of any claim or purported claim which would interfere with RAF's rights hereunder or create any liability on the part of RAF.

10.02. If, as of the date hereof, Grantor or Artist owns or controls any Master Recordings embodying Artist's performances that were recorded prior to the date hereof in addition to the Master Recordings included on the first Album hereunder ("Prior Masters"), or if Grantor or Artist shall, during the Term, acquire ownership of any Prior Masters, Grantor and Artist hereby warrant and represent that no exploitation rights in or to such Prior Masters shall be transferred, conveyed or otherwise granted to any Person during the Term, nor shall Grantor or Artist exploit such Prior Masters. Grantor and Artist hereby warrant and represent that there are no Prior Masters.

10.03. The Master Recordings hereunder and performances embodied thereon shall be produced in accordance with the rules and regulations of the AFM and the American Federation of Television and Radio Artists, in effect at the time such Master Recordings are recorded, and in accordance with the rules and regulations of all other unions having jurisdiction. Artist is or will become and will remain to the extent necessary to enable the performance of this agreement, a member in good standing of all labor unions or guilds, membership in which may be required for the performance of Artist's services hereunder.

10.04. Artist will perform exclusive services hereunder. Artist will not perform for (or license, or consent to, or permit the use by any Person other than RAF of Artist's name or likeness for or in connection with) the recording or exploitation of any Phonograph Record (including, without limitation, any Audio-Visual Device) embodying any Composition recorded by Artist under this agreement (and released during the Term hereof or within one (1) year thereafter) prior to the later of the date five (5) years subsequent to the date of delivery to RAF of the Master Recording embodying that Composition hereunder, or the date two (2) years subsequent to the expiration or termination of the Term.

10.05. Neither the Master Recordings hereunder nor the performances embodied thereon, nor any other "Materials", as hereinafter defined, nor any use thereof by RAF or its grantees, licensees or assigns will violate or infringe upon the rights of any Person. "Materials," as used in this paragraph, means: all Controlled Compositions; each name or sobriquet used by Artist or Grantor, individually or as a group; and all other musical, dramatic, artistic and literary materials, ideas, and other intellectual properties furnished or selected by Grantor, Artist or any producer and contained in or used in connection with any Artist Website, Website Material, ECD Material. Recordings made hereunder or the packaging, sale, distribution, advertising, publicizing or other exploitation thereof. Without limiting the foregoing, neither Grantor, Artist nor any Person selected or engaged by Grantor or Artist shall "interpolate", "quote from," "sample", "borrow" or otherwise adapt any copyrighted music, lyrics, spoken words, sounds, musical compositions, sound recordings or other material (collectively, "Embodied Copyrighted Materials") on or in connection with any Master Recordings hereunder without having first obtained the written consent of the applicable copyright proprietors of such Embodied Copyrighted Materials on terms which grant RAF and its designees all rights necessary so that RAF can fully exploit the Master Recordings concerned in accordance with the terms and conditions of this agreement; and Grantor's failure to obtain such written consents shall be deemed a material breach of this agreement. Without limiting the foregoing, if RAF, in the exercise of its good faith business judgment, believes that Embodied Copyrighted Materials are

embodied on any Master Recording hereunder and Grantor has not obtained the aforesaid written consents in respect of such Embodied Copyrighted Materials, then RAF may withhold from any and all monies otherwise payable to Grantor hereunder an amount reasonably related to the potential liability to third parties as a result thereof.

10.06. (a) Grantor shall be solely responsible for and shall pay all sums due Artist, and the individual producer of the Sides, and all other Persons entitled to receive royalties or any other payments in connection with the sale of Phonograph Records derived from Master Recordings hereunder, and the royalties set forth in Article 7 hereof include all monies due all such parties.

(b) Notwithstanding anything to the contrary expressed or implied in paragraph 10.06(a) or elsewhere herein, it is understood and agreed that if RAF, with Grantor's prior written approval (which approval may be withheld for any reason), engages producers for any Sides delivered hereunder, or if the producers of any such Sides are regularly employed on RAF's staff or render their services under contract with RAF (it being understood and agreed that if Artist records any Sides with such producers without prior written objection by Grantor, then Grantor's approval with respect to such producers shall be deemed given), the following terms shall apply:

(i) Grantor's royalty account and the production budget for the applicable recording project will be charged with a Recording Cost item of Thirty Thousand Dollars (\$30,000) per Album (or Three Thousand Dollars (\$3,000) per Side for a project for the recording of less than an Album). Notwithstanding the foregoing, if RAF is obligated to pay such producers a higher fixed amount (the "Higher Amount") for the applicable project, Grantor's royalty account and the production budget for the applicable recording project will be charged with a Recording Cost item equal to the Higher Amount in lieu of the amounts set forth in the preceding sentence.

(ii) With respect to Phonograph Records derived from Master Recordings hereunder, RAF shall accrue to the account of Grantor in accordance with the provisions of Article 8 above, a royalty equal to the applicable royalty set forth in Article 7 above, reduced by an amount equal to three percent (3%) with respect to Albums, with proportionate reductions on all sales for which reduced royalties are payable under this agreement. If RAF is obligated to pay producers a royalty greater than the amount set forth in the preceding sentence, Grantor's royalty shall be reduced by such greater amounts instead.

10.07. (a) Subject to Artist's prior bona fide professional commitments, Artist shall be available from time to time to appear for photography, poster, and cover art, and the like, under the direction of RAF or its nominees and to appear for interviews with representatives of the communications media and RAF's publicity personnel. RAF shall reimburse Artist for all reasonable expenses incurred by Artist in connection with such sessions provided such expenses are pre-approved by RAF and properly documented and such expenses shall not be deemed Advances hereunder.

(b) Subject to Artist's prior bona fide professional commitments, Artist shall

be available from time to time at RAF's request to perform for the purpose of recording for promotional purposes by means of film, videotape, or other audio-visual media performances of Compositions embodied on Master Recordings hereunder.

10.08. (a) Neither Grantor nor Artist shall authorize or knowingly permit Artist's performances to be recorded for any purpose without an express written agreement prohibiting the use of such recording on Records in violation of the restrictions herein, and Grantor and Artist shall take reasonable measures to prevent the manufacture, distribution and sale at any time by any Person other than RAF of such Records. Neither Grantor, nor any Person deriving any rights from Grantor, shall use or authorize or permit any Person other than RAF to use Artist's name (including any professional name or sobriquet), likeness (including picture, portrait or caricature), autograph (including facsimile signature), or biography in connection with the manufacture and/or exploitation of Records embodying Master Recordings recorded during the Term hereof or any other exploitation of such Master Recordings. Furthermore, except as otherwise provided herein, neither Grantor nor Artist, nor any Person deriving any rights from Grantor or Artist, will use, authorize or permit any Person other than RAF to create, host or maintain any Websites which incorporate any Masters embodying Artist's performances.

(b) Notwithstanding anything to the contrary contained in paragraph 10.08(a), Artist may perform as a background musician ("sideman") accompanying a featured artist for the purpose of making Recordings for Phonograph Record purposes for third parties during the Term provided that:

(i) Grantor has fulfilled all of Grantor's material obligations under this agreement, and such engagement does not interfere with the continuing prompt performance of Grantor's obligations to RAF;

(ii) The member of Artist shall not perform solo or step-out performances on Recordings for such parties in excess of thirty (30) seconds or be separately identified in connection with any solo or step-out performances on such Recordings;

(iii) The name of the member of Artist performing may not be used except in a courtesy credit to RAF or its designee on the liners used for such Phonograph Records, which courtesy credit shall appear in the same position as the credits accorded to other sidemen and in type identical in size, prominence and all other respects; without limiting the generality of the foregoing, in no event may the likeness of Artist or the professional name of Artist be used in connection with such Phonograph Records. Artist's name or likeness shall not appear in any advertising or promotion in connection with such Recordings, on the front covers of Album containers, on sleeves or labels used for Singles, or in any other form, including (without limitation) in Audio-Visual Recordings, without RAF's prior written consent, which may be withheld for any reason, in RAF's sole discretion;

(iv) The member of Artist shall not perform Compositions on such Recordings which Artist records hereunder, nor shall Artist be restricted from recording hereunder compositions performed by the member of Artist on such Recordings; and

(v) The third party record company which distributes the Records on

which Artist's performances are contained executes an agreement with RAF in a form satisfactory to RAF.

(c) Without limiting the generality of the foregoing paragraph 10.08(a), RAF agrees that Artist may perform in theatrical and/or television motion pictures and in other television productions, provided that such performances are substantially non-musical and that the agreement pursuant to which such performances are rendered expressly prohibits the release by any Person of Audio-Visual Devices (other than Audio-visual Devices embodying substantially the entire motion picture or television production) or so-called soundtrack Records embodying such broadcast and/or cablecast performances of Artist.

10.09. Neither Grantor nor Artist, nor any Person deriving any rights from Grantor or Artist, shall at any time, do, or authorize any Person to do, anything inconsistent with, or which might diminish or impair, any of RAF's rights hereunder. Neither Artist nor Grantor shall endorse any products whose use would be detrimental to the Phonograph Record industry, including but not limited to, blank tapes and tape recording equipment.

10.10. Grantor agrees to and does hereby indemnify, save, defend and hold RAF, its affiliates, parent companies, successors, licensees, agents, employees and assigns harmless of and from any and all liability, loss, damage, cost or expense (including reasonable outside attorneys' fees) arising out of or connected with any breach or alleged breach of this agreement or any claim which is inconsistent with any of the warranties or representations made by Grantor in this agreement, provided the said claim has been settled with Grantor's prior written consent, not to be unreasonably withheld, or has been reduced to final judgment, and agrees to reimburse RAF on demand for any payment made or incurred by RAF with respect to any liability or claim to which the foregoing indemnity applies. Notwithstanding anything to the contrary contained herein, RAF shall have the right to settle without Grantor's consent any claim involving sums of Seven Thousand Five Hundred Dollars (\$7,500) or less (or involving claims of ownership or exploitation of intellectual property), and this indemnity shall apply in full to any claim so settled; if Grantor does not consent to any settlement proposed by RAF for an amount in excess of Seven Thousand Five Hundred Dollars (\$7,500), RAF shall have the right to settle such claim without Grantor's consent, and this indemnity shall apply in full to any claim so settled, unless Grantor obtains a surety bond from a surety acceptable to RAF in its sole discretion, with RAF as a beneficiary, assuring RAF of prompt payment of all expenses, losses and damages (including reasonable outside attorneys' fees) which RAF may incur as a result of said claim. Pending final determination of any claim involving such alleged breach or failure, RAF may withhold sums due Grantor hereunder in an amount reasonably consistent with the amount of such claim, unless Grantor obtains a surety bond from a surety acceptable to RAF in its sole discretion, with RAF as a beneficiary, in an amount reasonably consistent with the amount of such claim. If no action is filed within one (1) year following the date on which such claim was first received by RAF, RAF shall release all sums withheld in connection with such claim, unless RAF, in its reasonable business judgment, believes an action will be imminently filed. Notwithstanding the foregoing, if after such release by RAF of sums withheld in connection with a particular claim, such claim is reasserted, then RAF's rights under this paragraph 10.10 will apply ab initio in full force and effect. RAF will give Grantor prompt notice of any lawsuit instituted with respect to such a claim, and Grantor shall have the right to participate in the defense thereof with counsel of Grantor's choice and at Grantor's expense provided, however, that RAF shall have the right at all times to maintain control of the conduct of the defense.

10.11. Grantor warrants and represents that, as of the date hereof, neither Grantor nor any Artist is a resident of the State of California. Grantor shall notify RAF immediately in the event that Grantor and/or any member of Artist becomes a resident of the State of California.

10.12. The copyright proprietors of all Compositions not licensed under Article 9 and embodied on Master Recordings hereunder shall issue to RAF, promptly upon RAF's request therefor, mechanical licenses (including, without limitation, and, where applicable, so-called "first use" licenses) on terms no less favorable to RAF than those contained in the standard mechanical license issued by the Harry Fox Agency, it being expressly understood and agreed that nothing contained in this paragraph 10.12 shall operate or be deemed to operate in derogation of RAF's rights under Article 9 hereof.

10.13. During the Term hereof, Grantor shall use Grantor's best efforts to cause Artist to be billed, advertised and described in all commercial contexts as an "exclusive recording artist" of RAF or its label designee.

10.14. Neither Grantor nor Artist shall exercise any legal rights which Grantor or Artist may have pursuant to the laws of any jurisdiction (including, without limitation, any right of publicity, right of privacy or any federal or state statutory or common law right) in any manner which would impair, limit or otherwise derogate from the rights herein granted to RAF and its licensees and assignees to own and/or exploit Master Recordings, Artwork and/or Artist's name and likeness hereunder, or any Phonograph Records or other materials derived therefrom.

11. FAILURE OF PERFORMANCE

11.01. RAF reserves the right by written notice to Grantor to suspend the operation of this agreement and its obligations hereunder for the duration of any contingencies by reason of which RAF is materially hampered in its recording, manufacture, distribution or sale of Records, or its normal business operations become commercially impracticable: for example, labor disagreements; fire; catastrophe; shortage of materials; or any cause beyond RAF's control. A number of days equal to the total of all such days of suspension may be added to the Contract Period in which such contingency occurs and the dates for the exercise by RAF of its options as set forth in Article 1, the dates of commencement of subsequent Contract Periods and the Term shall be deemed extended accordingly. No suspension imposed under this paragraph 11.01 shall exceed six (6) months unless such contingency is industry-wide, in which event RAF shall have the right to suspend the applicable Period for the duration of such contingency. If such suspension is not industry-wide, Grantor may request RAF by notice in writing given at any time after the expiration of such six (6) month period to terminate the suspension within thirty (30) days following RAF's receipt of Grantor's said notice. If RAF does not so terminate the suspension, the Term of this agreement will terminate at the end of such thirty (30) day period, or at such earlier date as RAF may designate in writing, and the parties shall be deemed to have fulfilled all their obligations hereunder except those obligations which survive such termination, such as warranties, re-recording restrictions, and the obligation to pay royalties, if payable.

11.02. If in respect of any Contract Period RAF, except for reasons set forth in paragraph 11.01 above, refuses without cause to allow Grantor to fulfill the Minimum Recording Obligation for such Period, and if no later than sixty (60) days after that refusal takes place,

Grantor notifies RAF in writing of Grantor's desire to fulfill such Minimum Recording Obligation, then if RAF does not allow Grantor either to record sufficient Master Recordings to fulfill the Minimum Recording Obligation within sixty (60) days of receipt of such notice, or commence recording of such Minimum Recording Obligation if it cannot be recorded within said sixty (60) days, the Term of this agreement shall terminate upon the expiration of such sixty (60) day period. Upon such termination all parties shall be deemed to have fulfilled all of their obligations hereunder except for those obligations which survive the termination of the Term such as warranties, re-recording restrictions, and the obligation to accrue and pay royalties, if payable, and RAF shall pay, in full settlement of its obligations in connection with such unrecorded Album(s), the applicable amounts set forth below, as reduced by any and all Advances paid by RAF with respect to such unrecorded Album(s), which amounts shall constitute Advances hereunder. This shall be Grantor's sole remedy in connection with RAF's failure to allow Grantor to fulfill the Minimum Recording Obligation. If Grantor shall fail to give notice to RAF within the period specified therefor, RAF shall be under no obligation for its failure to allow Grantor to fulfill such Minimum Recording Obligation.

(a) If such unrecorded Album is the first Album of the Minimum Recording Obligation for the Initial Period, such payment shall be equal to union scale for the Minimum Recording Obligation not fulfilled for the first Contract Period, less any and all Advances previously paid by RAF with respect to such unrecorded Master Recording(s);

(b) If such unrecorded Album is other than the first Album of the Minimum Recording Obligation, such payment shall be equal to the difference between the Recording Fund for such unrecorded Album and the Recording Costs for the immediately preceding Album less any Advances previously paid to Grantor, provided that in no event shall such payment exceed one-third (1/3) of the Recording Fund payable with respect to such Album; in the event Recording Costs were paid by Grantor, such calculation will not be made until Grantor has provided satisfactory documentation to establish the amounts of such Recording Costs.

12. ADDITIONAL REMEDIES

12.01. (a) Without limitation of any other rights and remedies of RAF, if Grantor fails to record and deliver Recordings within ninety (90) days following the date required hereunder and in accordance with Articles 3 and 4, then RAF may, at its election, suspend its obligations hereunder for a number of days equal to the number of days between the last date on which Grantor is scheduled to deliver Master Recordings and the date on which Grantor actually delivers such Master Recordings, in which event the then current Contract Period, the date for exercise of RAF's options to extend the Term, the dates of commencement of subsequent Contract Periods, and the Term may be extended accordingly. If any such failure exceeds ninety (90) days, in addition to its other rights and remedies, RAF may, at its election, demand reimbursement from Grantor of all monies theretofore paid, excluding third party Recording Costs, but including, without limitation, any monies paid pursuant to paragraph 6.01 above, with respect to the applicable Master Recordings (and Grantor shall immediately make such reimbursement) and/or deduct such costs (including any such third party Recording Costs) from any payments to be made hereunder and/or terminate this agreement by written notice to Grantor and upon such termination RAF shall have no obligations to Grantor hereunder except the obligation to account and pay royalties, if payable.

(b) Notwithstanding anything to the contrary set forth in paragraph 12.01(a), if Artist's voice or ability to perform as an instrumentalist shall become impaired or if Artist is unable to fulfill any of Grantor's obligations hereunder, including, without limitation, Grantor's obligation to record for and deliver to RAF Masters within the time periods set forth in Articles 3 and 4 above, RAF may, without limiting RAF's other rights or remedies, terminate the Term upon written notice to Grantor, in which event RAF shall have no obligations or liabilities to Grantor under this agreement, except for RAF's obligations, if any, with respect to Masters recorded prior to that termination. If RAF so terminates the Term, Grantor shall pay RAF, on demand, an amount equal to any unrecouped Advances hereunder, other than any Advances attributable to and paid in respect of an Album theretofore delivered by Grantor to RAF and/or any third party Recording Costs with respect to Masters commenced hereunder but not completed prior to Artist's failure described in this paragraph 12.01(b) above.

12.02. Without limiting any other rights of RAF, it is specifically understood and agreed that in the event of Grantor's dissolution or the liquidation of Grantor's assets, or the filing of a petition in bankruptcy or insolvency or for an arrangement or reorganization by, for or against Grantor, or in the event of the appointment of a receiver or a trustee for all or a portion of Grantor's property, or if Grantor shall make an assignment for the benefit of creditors or commit any act for or in bankruptcy or become insolvent or if Grantor shall fail to fulfill its obligations under this agreement, RAF shall have the option by notice to Grantor either to terminate the Term of this agreement or to require that Artist render Artist's personal services directly to RAF for the remaining balance of the Term upon all the same terms and conditions as are herein contained. In such event Artist shall be deemed substituted for Grantor as a party to this agreement as of the date of RAF's option exercise, and, in respect of Master Recordings recorded subsequently, the royalties and any Advances payable hereunder shall be reduced to two-thirds (2/3) of the amounts prescribed in this agreement.

12.03. If Artist notifies RAF that Artist will no longer render services to Grantor as required by RAF, other than for the reasons set forth in paragraph 12.02 above, then RAF shall have the same options as set forth in such paragraph 12.02, except that, at RAF's election, in lieu of the provisions of the last sentence of paragraph 12.02, RAF may withhold payments to Artist and Grantor pending settlement of any disputes between Grantor and Artist with respect to the subject matter hereof and/or divide payments to Grantor hereunder between Artist and Grantor in the manner Grantor shares such payments with Artist under its contract with Artist (except that any such payments in dispute between Artist and Grantor shall be withheld by RAF).

12.04. It is recognized, and Grantor's agreement with Artist shall acknowledge, that Artist's services are of special, unique, unusual, extraordinary and intellectual character involving skill of the highest order which gives them a peculiar value, the loss of which cannot be reasonably or adequately compensated for by damages in an action at law. Inasmuch as any breach of this agreement (and/or Grantor's agreement) with respect to such services would cause RAF irreparable damage, RAF shall be entitled to injunctive and other equitable relief, in addition to whatever legal remedies are available to RAF, to prevent or cure any such breach or threatened breach. The preceding sentence will not be construed to preclude Grantor or Artist from opposing any application for such relief based upon contest of the facts alleged by RAF in support of the application.

12.05. The rights and remedies of RAF as specified in this agreement are not to the exclusion of each other or of any other rights or remedies of RAF; RAF may decline to exercise any one or more of its rights and remedies as RAF may deem fit, without jeopardizing any other rights and remedies of RAF; and all of RAF's rights and remedies in connection with this agreement shall survive the expiration or other termination of the Term. Notwithstanding the specific rights granted to RAF anywhere in this agreement, RAF may at any time exercise any right which it now or at any time hereafter may be entitled to as a member of the public as though this agreement were not in existence.

13. DEFINITIONS

13.01. "Advance": An "Advance" constitutes a prepayment of royalties and shall be charged against and shall be recoupable from all royalties (excluding mechanical royalties, other than as expressly permitted herein) accruing hereunder.

13.02. "Album": One or more LPs, sold in a single package (an Album of more than one LP sometimes being referred to as a "Multiple-Record Album").

13.03. "Ancillary Website Exploitation": (a) the leasing of commercial advertising space to Persons other than RAF or its licensees on an Artist Website; (b) the placement on an Artist Website of links to so-called "e-commerce" Websites owned or controlled by Persons other than RAF or its licensees; and (c) the inclusion of computer software, or Website links in ECD Material. Notwithstanding the foregoing, it is understood and agreed that Ancillary Website Exploitation shall be deemed to exclude any placement of advertising and/or hyperlinks in or in connection with RAF Frames.

13.04. (a) "Audio-Visual Devices": All forms of reproductions of Audio Visual Recordings now or hereafter known, manufactured or distributed primarily for home and/or jukebox use and/or use on or in means of transportation.

(b) "Audio-Visual Recordings" means every form of recording embodying performances of Artist wherein are fixed visual images, whether of Artist or otherwise, together with sound.

13.05. "Armed Forces Post Exchanges": United States military posts, ships' stores or other United States armed forces facilities, including, without limitation, federal, state and/or local governments.

13.06. "Base Price":

(a) With respect to Records other than compact discs and Audio-Visual Devices, the Base Price is the "Retail List Price", defined as RAF's suggested retail list price (or the equivalent price category) in the United States for records sold in the United States, and, with respect to Records sold outside the United States, an equivalent of or substitute for an actual or hypothetical retail price ("Retail-related Base") as may be established by RAF or its licensee(s) in conformity with the general practice of the Record industry in such country, or otherwise, provided that RAF may but shall not be obligated to utilize the price adopted by the local mechanical copyright collection agency as the basis for the collection of mechanical

copyright royalties. Notwithstanding anything to the contrary expressed or implied in the preceding sentence, it is understood and agreed that if a Retail-related Base cannot be established in a particular country, the Base Price shall be that amount equal to the lowest wholesale price payable by the largest category of RAF's customers in the normal course of business with respect to such Records sold for distribution during the applicable semi-annual accounting period, multiplied by one hundred twenty-six percent (126%), provided however, that if a published price to dealers ("ppd") exists in the applicable country of sale then RAF may apply the ppd in lieu of the lowest wholesale price.

(b) With respect to Records in the form of compact discs sold for distribution in the United States, the Base Price shall be that amount equal to the lesser of (i) the suggested retail list price in the United States for Records in the form of compact discs, provided such suggested retail list price exists, or (ii) the lowest wholesale price payable by the largest category of RAF's customers in the normal course of business with respect to compact discs embodying such Records sold for distribution during the applicable semi-annual accounting period, multiplied by one hundred and thirty percent (130%). With respect to compact discs sold for distribution outside the United States, the Base Price shall be that amount equal to the lesser of (i) the suggested retail list price in the applicable country for Records in the form of compact discs, provided such suggested retail list price exists, or (ii) the lowest wholesale price payable by the largest category of RAF's customers in the normal course of business with respect to compact discs embodying such Records sold for distribution during the applicable semi-annual accounting period, multiplied by one hundred twenty-six percent (126%), provided however, that if a published price to dealers ("ppd") exists in the applicable country of sale then RAF may apply the ppd in lieu of the lowest wholesale price.

(c) With respect to Audio-Visual Devices sold in the United States, the Base Price is the net amount actually received by RAF from its customers for the Audio-Visual Device concerned. With respect to Audio-Visual Devices sold outside of the United States, the Base Price is the basis on which RAF is accounted to by its licensees.

(d) Notwithstanding anything to the contrary contained herein, the Base Price for premium Records and Records exploited pursuant to paragraph 7.07 hereof, shall, at RAF's election, be RAF's or its affiliates' actual sales price of such Records.

(e) Notwithstanding the foregoing terms of this paragraph 13.06, the Base Price of Records sold by RAF through Normal Retail Channels in the United States through an alternative means of distribution shall be reduced in the same proportion as the otherwise applicable wholesale price of the same or equivalent Record is reduced by RAF for sales of such Record through such alternate method.

13.07. (a) "Budget Records": Albums sold in a particular country of the Territory outside the United States at a Base Price which is eighty percent (80%) or less of the Base Price in such country of the Territory for top "pop" Albums of the configuration concerned; and Albums sold in the United States at a Base Price which is seventy percent (70%) or less of the Base Price in the United States for top "pop" Albums of the configuration concerned.

(b) "Mid-Price Records": Albums sold in the United States at a Base Price which is less than eighty percent (80%) but more than seventy percent (70%) of the Base Price in

the United States for top "pop" Albums of the configuration concerned.

13.08. "Composition": A musical composition or medley consisting of words and/or music, or any dramatic material, whether in the form of instrumental and/or vocal music, prose or otherwise, irrespective of length.

13.09. "Controlled Composition": Any Composition wholly or partly written, composed, owned or controlled directly or indirectly by Artist and/or Grantor and/or any individual producer of Master Recordings and/or any Person affiliated with one or more of the foregoing or in which one or more of the foregoing has a direct or indirect interest.

13.10. "Container Charge": Twelve and one-half percent (12-1/2%) of the Base Price for a single-fold disc Album in a standard sleeve with no inserts, a Long-Play disc Single or for a disc Single; fifteen percent (15%) of the Base Price for a disc Album in a double fold jacket or non-standard sleeve or jacket or with inserts; twenty percent (20%) of the Base Price for a pre-recorded analog tape and twenty-five percent (25%) of the Base Price for compact discs or for any other Record (excluding Audio-Visual Devices) other than as expressly provided for in this paragraph 13.10 (unless RAF applies the dollar-and -cents royalty provisions of paragraph 7.04(b)). No Container Charge will be deducted for Singles in stock paper sleeves.

13.11. "Contract Period": The Initial Period or an Option Period as defined in Article 1 hereof.

13.12. "Digital Master": A fully mixed, edited, equalized and leadered digital stereo tape master ready for the production of parts from which satisfactory Records can be manufactured.

13.13. (a) "ECD Material": All material acquired or created for inclusion in the "enhanced" or multimedia portion of an enhanced CD, CD Plus, CD ROM, DVD, or any other similar configuration, whether now known or hereafter created, (including, without limitation, Videos, photography, graphics, technology, software, so-called "hyperlinks" to URLs, etc.).

(b) "Mobile Material": artwork, images, biographies, text, Voice Messages, graphics, "wallpaper" and/or other materials (excluding Master Recordings) transmitted to an end user's mobile telephone or personal digital assistant (or other personal communication device).

13.14. "Electronic Transmission": Any transmission to the consumer, whether sound alone, sound coupled with an image, or sound coupled with data, in any form, analog or digital, now known or later developed (including, but not limited to, "cybercasts", "webcasts", "streaming audio", "streaming audio/video", "digital downloads", direct broadcast satellite, point-multipoint satellite, multipoint distribution service, point-point distribution service, cable system, telephone system, broadcast station, and any other forms of transmission now known or hereafter devised) whether or not such transmission is made-on-demand or near on-demand, whether or not a direct or indirect charge is made to receive the transmission and whether or not such transmission results in a specifically identifiable reproduction by or for any transmission recipient. All references in this Agreement to the "distribution" of Records, unless expressly provided otherwise, shall be understood to include the distribution of records by way of Electronic Transmission thereof.

13.15. "EP Record": A Phonograph Record embodying no less than five (5) and no more than seven (7) Sides, containing no less than twenty (20) minutes of playing time.

13.16. "RAF Frames": any so-called browser frames which reside outside of the RAF Artist Website and which are common to one or more of RAF's main web pages.

13.17. "Joint Recording": Any Master Recording embodying Artist's performances together with the performances of any other Person in respect of which RAF is obligated to pay royalties to a third party.

13.18. "LP": A Phonograph Record embodying no less than ten (10) Sides, containing no less than forty-five (45) minutes of playing time.

13.19. "Long Play Single": A 12-inch vinyl disc Phonograph Record or its non-vinyl equivalent usually embodying three (3), but no more than four (4) Sides.

13.20. "Master", "Recording", "Master Recording": Any recording of sound, whether or not coupled with a visual image, by any method and on any substance or material, whether now or hereafter known, including Audio-Visual Recordings, intended for reproduction in the form of Phonograph Records, or otherwise.

13.21. "Net Sales": Sales of Records hereunder, paid for, less returns and credits. Net Sales shall specifically exclude the following:

(a) (i) Records given away gratis or sold for fifty percent (50%) or less of the Gross Price (as hereinafter defined); Records distributed for publicity, advertising or promotional purposes to disc jockeys, radio or television stations, publishers, distributors, dealers, consumers, or others and Records sold as cutouts, surplus or for scrap.

(ii) Free or bonus Records given away together with Records sold for monetary consideration (sometimes referred to as "free goods"). The number of Records automatically deemed not sold for royalty purposes under this paragraph 13.21(a)(ii) shall not exceed RAF's standard discount limitation in effect at the time of shipment of the particular Records, which as of the date of this agreement RAF represents is for Singles and Long-Play Singles, 23.08% of the gross total distributed and, for Albums, 15% of the gross total distributed.

(iii) Free or bonus Records given away pursuant to special sales Plans of limited duration in addition to free goods. Notwithstanding the foregoing, special sales plans for Albums sold through Normal Retail Channels in the United States shall not, without Grantor's prior consent, exceed an additional twelve percent (12%) of the gross total distributed, provided however, that if such special sales plans do exceed twelve percent (12%), Grantor will be paid Grantor's normal royalty on all Albums distributed through such plans in excess of such twelve percent (12%).

(iv) To the extent that Records hereunder are sold subject to a sales plan entailing a selling price for such Records reduced by a percentage discount from RAF's or its licensee's "Gross Price" (i.e., the selling price to distributors before any discounts or

free goods or bonus plans), the number of such Records deemed to be Net Sales shall be determined by reducing the number of Records actually sold by the percentage of discount granted applicable to such sale.

(b) Without limitation of the generality of paragraph 13.21(a) above, RAF shall have the right to deduct from the number of Records sold returns and credits of any nature, including without limitation: (i) those on account of any return or exchange privilege; (ii) defective merchandise; and (iii) errors in billing or shipment, provided that returns shall be pro-rated between royalty-bearing and non-royalty-bearing Records in the same proportion as actually shipped.

(c) Without limitation of the foregoing, royalties shall not be payable with respect to distributions which are not Net Sales and the terms "Net Sales" and/or "net royalty-bearing sales" shall not include the sales described in paragraphs 13.21(a) and 13.21(b) and shall not include any sales which are being held as royalty reserves.

13.22. "Non-Affiliated Third Parties": Persons other than RAF or other members of the Universal Music Group ("UMG") as now or hereafter constituted, and other than Persons as to which RAF or UMG now or hereafter directly or indirectly holds more than a fifty percent (50%) interest or control (including joint ventures) or Persons in which the principals of RAF or UMG now or hereafter collectively hold more than a fifty percent (50%) interest or control.

13.23. "Normal Retail Channels": Normal retail distribution channels excluding sales of Records described in paragraphs 7.05(c) and (d), 7.06 and 7.07 herein.

13.24. "Person": Any individual, corporation, partnership, association, or other entity, or the legal successors or representative of any of the foregoing.

13.25. "Recording Costs": All costs, including, without limitation, preproduction and post-production costs, incurred for and with respect to the production of Master Recordings. Recording Costs include without limitation, union scale; payments for musicians, vocalists, conductors, arrangers, orchestrators, copyists, etc.; payments required by any agreement between RAF and any labor organization; producer's fees; sample fees and clearance costs; studio charges; costs of tape, editing, mixing, mastering to tape, reference discs, and engineering; expenses of travel, per diems (excluding any RAF personnel, except if such personnel is engaged by RAF pursuant to the provisions of paragraph 10.06(b) above), rehearsal halls and vocal coaching; costs of non-studio facilities and equipment; dubbing; costs and transportation of instruments including cartage and rental fees; and other costs and expenses incurred in producing Master Recordings and other costs which are customarily recognized as recording costs in the Phonograph Record industry. Recording Costs shall not include so-called "per Record" costs required to be paid pursuant to any agreement with the AFofM, AFTRA or any equivalent. Notwithstanding the foregoing, in the event RAF elects to remix any of the Master Recordings delivered hereunder after the delivery to RAF of the applicable Master Recording pursuant to the terms set forth herein, such remix costs shall constitute an Advance herein, but such amounts shall not reduce the Recording Fund for such applicable Album.

13.26. "Records", "Phonograph Records": Any device now or hereafter known, on or by which sound may be recorded and reproduced, which is manufactured or distributed primarily

for home and/or consumer and/or jukebox use and/or use on or in means of transportation including "sight and sound" devices or Audio-Visual Devices.

13.27. "Royalty Base":

(a) The Base Price less all excise, sales and similar taxes and less the applicable Container Charges, if any.

(b) RAF may at any time and from time to time change the method by which it computes royalties in the United States from a retail basis to some other basis (the "New Basis"), such as, without limitation, a wholesale basis. The New Basis will replace the then-current Royalty Base and the royalty rates shall be adjusted to the appropriate royalty which would be applied to the New Basis so that the dollars-and-cents royalty amounts payable with respect to the top-line product through Normal Retail Channels as of the date of such change would be the same as that which was payable immediately prior to such New Basis; for sales other than top-line product, for which there is a New Basis, the adjusted royalty rate shall be reduced in the ratio of the royalty rate for such sales to the royalty rates for sales of top-line product. If there are other adjustments made by RAF that would otherwise make the New Basis more favorable (a particular example of which might be the distribution of smaller quantities of free goods than theretofore distributed) then the benefits of such other adjustments will be taken into consideration in adjusting the royalty rate.

13.28. "Side": A Recording embodying Artist's performance of one (1) Composition or the equivalent thereof, containing no less than two and one half (2-1/2) minutes of continuous sound.

13.29. "Single": A 7-inch vinyl disc Phonograph Record or its non-vinyl equivalent embodying no more than two (2) Sides.

13.30. "Statutory Rate": The minimum statutory compulsory license rate applicable to a Composition of less than five (5) minutes under the copyright laws of the United States. On Records sold in Canada, the prevailing rate agreed upon by the Canadian recording industry and the Canadian music publishing industry or its mechanical collection representative which is applicable to the reproduction of musical compositions, provided however, in no event shall the Canadian Statutory Rate be greater than the United States Rate.

13.31. "Top-Line": with respect to Audio-Visual Devices, a price line with a wholesale price that equates to a suggested retail list price of Nineteen Dollars and Ninety-Five Cents (U.S. \$19.95) or more, or outside the United States, the customary top-line price in the applicable territory.

13.32. "Video Costs": Any and all costs incurred by RAF in connection with the production or exploitation of Videos and/or the acquisition of rights with respect thereto.

13.33. "Videos": A so-called "short-form" Audio-Visual Recording.

13.34. "Website": A series of one (1) or more interconnected documents or files that are formatted using the Hypertext Markup Language, or any similar language, and that are

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intended to be accessible by Internet users.

13.35. "Website Material": All material acquired or created for inclusion on an Artist Website (including, without limitation, Videos, photography, graphics, technology, so-called "hyperlinks" to URLs, on-line chats, and electronic press kits or so-called "EPK"s).

14. MISCELLANEOUS

14.01. Wherever Grantor's approval or consent is required, Grantor shall give RAF written notice of approval or disapproval (the reasons for such disapproval being specifically stated) within seven (7) business days after RAF requests same. If Grantor shall fail to give such notice to RAF as aforesaid, Grantor shall be deemed to have given such consent or approval.

14.02. Any promotional efforts or expenditures made by Grantor or by any Person on behalf of Grantor in connection with any Records hereunder shall be in accordance with applicable legal standards, including Sections 317 and 508 of the Communications Act of 1934, as amended. In the event Grantor is in breach of the preceding sentence, RAF may, without limiting its rights, terminate the Term of this agreement.

14.03. Grantor recognizes that the sale of Records is speculative and agrees that the judgment of RAF with regard to any matter affecting the sale, distribution and exploitation of Records hereunder shall be binding and conclusive upon Grantor. Nothing contained in this agreement shall obligate RAF to make, sell, license, or distribute Records manufactured from the Sides recorded hereunder other than as specifically provided herein. The method, manner and extent of release, packaging, promotion, advertising, distribution and exploitation of Master Recordings and Records shall be within the sole discretion of RAF unless otherwise herein specifically provided.

14.04. RAF may, at its election, assign this agreement or any of its rights hereunder to any subsidiary, affiliate or division of RAF or The Universal Music Group ("UMG"), or any entity that is owned or controlled (in whole or in part) by RAF or UMG, to any subsidiary or licensee in which RAF or UMG now has or may hereafter acquire a substantial interest, or to any entity that merges its assets with those of RAF or UMG or the assets of which are acquired by RAF or UMG, by lease or otherwise, or to any entity acquiring all or a substantial portion of RAF's or UMG's assets, and such rights may be similarly assigned by any assignee.

14.05. All notices required to be given to RAF shall be sent to RAF at its address first mentioned herein, and all royalties, royalty statements and payments and any and all notices to Grantor shall be sent to Grantor at its address first mentioned herein, or such other address as each party respectively may hereafter designate by notice in writing to the other. All notices sent under this agreement shall be in writing and, except for royalty statements shall be sent by registered or certified mail, return receipt requested, and the day of mailing of any such notice shall be deemed the date of the giving thereof (except notices of change of address, the date of which shall be the date of receipt by the receiving party). All notices to RAF shall be served upon RAF to the attention of the Senior Vice President, Business & Legal Affairs of The Island Def Jam Music Group.

14.06. It is expressly understood and agreed that, RAF shall not be entitled to recover

damages by reason of any breach by Grantor of Grantor's material obligations hereunder, unless Grantor has failed to remedy such breach within thirty (30) days following receipt of RAF's notice thereof; or, if the breach cannot be reasonably cured within said thirty (30) day period, if Grantor does not commence to cure such breach within said thirty (30) day period and diligently continue to so cure thereafter.

14.07. THIS AGREEMENT IS ENTERED INTO IN THE STATE OF NEW YORK AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF NEW YORK APPLICABLE TO CONTRACTS ENTERED INTO AND TO BE WHOLLY PERFORMED THEREIN (WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAWS PRINCIPLES UNDER NEW YORK LAW). THE PARTIES AGREE THAT ANY ACTION, SUIT OR PROCEEDING BASED UPON ANY MATTER, CLAIM OR CONTROVERSY ARISING HEREUNDER OR RELATING HERETO SHALL BE BROUGHT SOLELY IN THE STATE COURTS OF OR THE FEDERAL COURT IN THE STATE AND COUNTY OF NEW YORK; EXCEPT THAT IN THE EVENT RAF IS SUED OR JOINED IN ANY OTHER COURT OR IN ANY OTHER FORUM IN RESPECT OF ANY MATTER WHICH MAY GIVE RISE TO A CLAIM BY RAF HEREUNDER, THE PARTIES HERETO OTHER THAN RAF CONSENT TO THE JURISDICTION OF SUCH COURT OR FORUM OVER ANY CLAIM WHICH MAY BE ASSERTED BY RAF THEREIN. THE PARTIES HERETO IRREVOCABLY WAIVE ANY OBJECTION TO THE VENUE OF THE ABOVE-MENTIONED COURTS, INCLUDING ANY CLAIM THAT SUCH ACTION, SUIT OR PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. ANY PROCESS IN ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY, AMONG OTHER METHODS PERMITTED BY LAW, BE SERVED UPON GRANTOR BY DELIVERING OR MAILING THE SAME IN ACCORDANCE WITH PARAGRAPH 14.05 HEREOF. ANY SUCH PROCESS MAY, AMONG OTHER METHODS, BE SERVED UPON ARTIST OR ANY OTHER PERSON WHO APPROVES, RATIFIES, OR ASSENTS TO THIS AGREEMENT TO INDUCE RAF TO ENTER INTO IT, BY DELIVERING THE PROCESS OR MAILING IT TO ARTIST OR THE OTHER PERSON CONCERNED IN THE MANNER PRESCRIBED IN PARAGRAPH 14.05.

14.08. The invalidity or unenforceability of any provision hereof shall not affect the validity or enforceability of any other provision hereof. This agreement constitutes the entire agreement and supercedes all other prior agreements, understandings, representations and warranties, both written and oral, between the parties, with respect to the subject matter hereof. The parties expressly acknowledge that in entering this agreement, they have not relied on any representations, written or unwritten, other than those expressly set forth herein. No modification, amendment, waiver, termination or discharge of this agreement shall be binding upon RAF and Grantor unless confirmed by a written instrument specifically referring to and amending this agreement which is signed by the Senior Vice President of Business & Legal Affairs of RAF and Grantor.

14.09. The parties hereto agree to maintain the confidentiality of any and all financial terms of this agreement and to refrain from disclosing same to any third party provided, however, that: (a) either party shall have the right to disclose such terms to its parents, subsidiaries and/or affiliated companies, and/or to their officers, directors, employees and

representatives (collectively, the "Representatives") solely for the purpose of exercising the rights or obligations hereunder and/or to administer this agreement, and subject always to the terms of this paragraph 14.09; and (b) if either party or any of its Representatives becomes legally compelled (by deposition, interrogatories, requests for documents, subpoena, civil investigative demand or similar process) to disclose any such financial terms, such disclosure pursuant thereto shall not be deemed a breach of this paragraph (provided, further, however that the party legally compelled to make such disclosure shall promptly notify the other party hereto of such fact prior to making such disclosure).

14.10. Grantor understands and acknowledges that this agreement is a valid and binding legal document which affects the legal and financial interests of Grantor. Grantor acknowledges that Grantor has had ample opportunity to read the agreement and that Grantor understands the terms and conditions set forth in the agreement. Grantor hereby acknowledges that RAF has advised Grantor to obtain independent legal counsel in connection with the execution of this agreement and Grantor further acknowledges that it has either obtained such independent legal counsel or has voluntarily waived its right to do so.

14.11. This agreement shall not be construed against either party as the drafter, it being agreed that this agreement has been drafted jointly by the parties.

14.12. This document may be signed in counterparts, and may be executed and delivered by facsimile, which when taken together will have the same effect as if signed in its original by both parties.

ROCK THE WORLD, LLC


An Authorized Representative

THE ISLAND DEF JAM MUSIC GROUP,
a division of UMG Recordings, Inc.

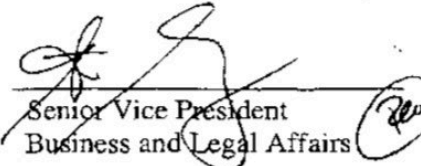

Senior Vice President
Business and Legal Affairs

EXHIBIT "A"

Dated as of: April 13, 2005

THE ISLAND DEF JAM MUSIC GROUP,
a division of UMG Recordings, Inc.
Worldwide Plaza
825 Eighth Avenue
New York, New York 10019

Gentlemen:

Pursuant to an exclusive recording agreement (the "Recording Contract") between Rock The World, LLC ("Grantor") and me, Grantor is entitled to my exclusive services as a recording artist. I have been advised that Grantor is entering into a written agreement with you of even date herewith (the "Agreement"), pursuant to which Grantor is agreeing to furnish my exclusive services as a recording artist. Unless otherwise defined herein, all terms shall have the same meaning as given them in the Agreement.

In consideration of your entering into the Agreement and as a further inducement for you to do so, I hereby represent and agree as follows:

1. I have read the Agreement, and I fully understand and agree to be bound by all of the terms thereof (including, without limitation, any and all provisions, obligations, representations, warranties and/or restrictions which relate to me in any way). I hereby assent to you and Grantor entering into the Agreement. I hereby acknowledge that you have advised me to obtain independent legal counsel in connection with the execution of the Agreement and this letter agreement. I further acknowledge that, with respect to each of the Agreement, this letter agreement and the Recording Contract, I have either obtained independent legal counsel or have voluntarily waived my right to do so.

2. I will fully and to the best of my ability perform and discharge all of the obligations undertaken by me pursuant to the provisions of the Recording Contract, as well as all of the obligations, warranties, representations and undertakings contained in the Agreement which relate to me in any way.

3. (a) If, during the Term of the Agreement, Grantor shall cease to be entitled to my services as a recording artist, or if Grantor shall fail or refuse to fulfill any of its obligations under the Agreement, then I shall, at your written request (the "Request"), for the remainder of the Term of the Agreement and upon the terms and conditions set forth therein (except as provided in paragraph 3(b) below), be deemed substituted for Grantor as a party to the Agreement as of the date of the Request. Without limiting the foregoing, in such event, I shall do all such acts as shall afford you the same



rights, privileges, and benefits as you would have had under the Agreement if Grantor had continued to be entitled to my recording services, and to fulfill all of its obligations under the Agreement; and such rights, privileges, and benefits shall be enforceable by you directly against me.

(b) Notwithstanding the foregoing, in the event I am substituted for Grantor as a party to the Agreement, the following shall apply with respect to advances and royalties (including, without limitation, Advances and royalties payable by you pursuant to the Agreement) in respect of Master Recordings embodying my performances:

(i) With respect to Master Recordings embodying my performances which are recorded after the date of the Request, you shall have the right, in your discretion:

(A) To suspend payment of all monies to me and/or Grantor (whether Advances, royalties or otherwise, and whether pursuant to the Recording Contract, the Agreement or otherwise), pending settlement of any disputes between me and Grantor with respect thereto; or

(B) To suspend payment of all Advances to Grantor under the Agreement, pending settlement of any disputes between me and Grantor with respect thereto; to pay directly to me all advances payable pursuant to the Recording Contract; to pay directly to me royalties at a rate not in excess of the royalty rate provided for in the Recording Contract; and to hold the balance of all other royalties payable pursuant to the Agreement, pending final settlement of any disputes between me and Grantor with respect thereto.

(ii) With respect to Master Recordings embodying my performances which are recorded prior to the date of the Request, I shall continue to look to Grantor for payment of any and all advances and royalties payable to me in respect thereof.

4. Except as provided in paragraph 3(b) above, I will look solely to Grantor for the payment of any and all monies payable to me in respect of services rendered by me and/or Recordings embodying my performances pursuant to the Recording Contract and/or in accordance with the Agreement and/or your manufacture, distribution, sale or other use or exploitation of any such Recordings; and you shall have no responsibility to me whatsoever for any such payments.

5. In accordance with the provisions of paragraph 10.10 of the Agreement, I agree to and do hereby indemnify, save and hold you harmless of and from any and all liability, loss, damage, cost or expense (including attorneys' fees) arising out of or connected with any breach or alleged breach of this agreement, the Agreement or the Recording Contract or any claim which is inconsistent with any of the warranties or representations contained in this agreement, the Agreement or the Recording Contract,

and agree to reimburse you on demand for any payment made or incurred by you with respect to any of the foregoing. Pending final determination of any claim involving such alleged breach or failure, you may withhold sums due me.

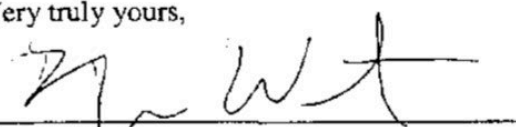
6. If there is more than one (1) individual signing this agreement on behalf of Artist, then all references to "I", "me" and "my" shall be deemed references to "we", "us" and "our", respectively; all of our obligations hereunder and under the Agreement shall be joint and several; and your rights hereunder and under the Agreement shall apply to each of us individually and collectively.

7. THE PROVISIONS OF PARAGRAPH 14.07 OF THE AGREEMENT SHALL ALSO APPLY TO THIS AGREEMENT.

8. This agreement may not be modified except by an instrument in writing executed by all parties hereto. The invalidity or unenforceability of any provision hereof shall not affect the validity or enforceability of any other provision hereof.

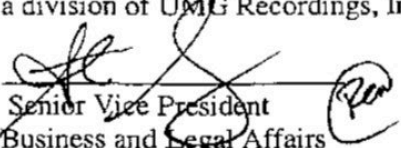
9. This document may be signed in counterparts, and may be executed and delivered by facsimile, which when taken together will have the same effect as if signed in its original by both parties.

Very truly yours,


Kanye West

ACCEPTED AND AGREED:

THE ISLAND DEF JAM MUSIC GROUP,
a division of UMG Recordings, Inc.


Senior Vice President
Business and Legal Affairs

CONSENTED AND AGREED:

ROCK THE WORLD, LLC


An Authorized Representative

